# Daily Report

# East Europe

FBIS-EEU-93-039
Tuesday
2 March 1993

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*FBIS-EEU-93-039* *2 March 1993*

CONTENTS

**NOTICE TO READERS:** An * indicates material not disseminated in electronic form.


**INTERNATIONAL AFFAIRS**

UN Talks on Bosnia Continue Amid Tight Security *[TANJUG]* ..... 1
Arms Deal Between Russians, Serbs Alleged *[London OBSERVER 28 Feb]* ..... 1
Senior Official Outlines EC Admission Procedure *[CTK]* ..... 2

**INTER-EUROPEAN AFFAIRS**

Czech-Slovene Free Trade Zone Under Preparation *[CTK]* ..... 3
Czech, Slovene Officials Discuss Bosnia Conflict *[CTK]* ..... 3
Czech, Slovak Ministers Discuss Economic Relations *[CTK]* ..... 3

**BULGARIA**

Ship's Captain Calls Iron Gate Reports 'Distorted' *[BTA]* ..... 4
Daily Alleges Illegal Electricity Export to Serbia *[DUMA 24 Feb]* ..... 4
Electricity Chief Denies Exporting *[KONTINENT 25 Feb]* ..... 5
Industry Minister Bikov Departs for Turkey *[BTA]* ..... 6
'Anti-Bulgarian Campaign' in Serbia Discussed *[BTA]* ..... 6
Romanian Nationalists Claim Dobrudzha Territories *[BTA]* ..... 7
Italian Ambassador Criticizes Slow Economic Reform *[BTA]* ..... 7
Government Approves Agreement With European Banks *[BTA]* ..... 7
Britain's Crowe Discusses Investments in Sofia *[BTA]* ..... 8
Palchev Views Threat of Islamic Expansion *[KONTINENT 24 Feb]* ..... 8
Berov, Officials Attend Russian Friendship Meeting *[Sofia Radio]* ..... 9

**CZECH REPUBLIC**

Commentary Says U.S. Airdrop 'Forced Move' *[LIDOVE NOVINY 25 Feb]* ..... 10
Economist Claims Public 'Misinformed' About Clintonomics *[CTK]* ..... 10
Restriction of Minority Rights Favored If Necessary *[CTK]* ..... 10
Ruml Discusses Refugee, Migration Problem *[CTK]* ..... 11
Ministry Explains Role in Arms Cache Discovery *[CTK]* ..... 11

**SLOVAKIA**

Kovac Inaugurated as Slovakia's First President *[CTK]* ..... 12
Meciar Hails Inauguration *[CTK]* ..... 12
Gasparovic Comments on Inauguration *[CTK]* ..... 12
Kovac Says Country Not In 'Political Crisis' *[Vienna DIE PRESSE 2 Mar]* ..... 12
Hungary-Slovakia Sign Trade, Payments Agreement *[MTI]* ..... 14
Foreign Minister Knazko's Visit to Geneva Cancelled *[CTK]* ..... 14
NRSR Chairman Criticizes Hungarian Deputy *[NARODNA OBRODA 23 Feb]* ..... 14
Hungarian Movement Outlines Grievances *[PRAVDA 24 Feb]* ..... 14

**HUNGARY**

Editorial Views U.S. Airdrops *[MAGYAR HIRLAP 24 Feb]* ..... 17
Romanian Ethnic Hungarian Leaders Meet Goncz *[MTI]* ..... 17
Meet Prime Minister Antall *[MTI]* ..... 17
Croatia To Cooperate With Hungary on Minority Affairs *[MTI]* ..... 18
Jeszenszky Concerned With Russian Policy in Balkans *[MTI]* ..... 18

Impact of Central Europe Free Trade Agreement *[Budapest TV]* ..... 18
Unemployment Continues To Increase *[MTI]* ..... 18

**POLAND**

Liberal Leader on Suchocka for President *[Warsaw Radio]* ..... 19
Left's Miller To Face Charges in CPSU Loan Affair *[PAP]* ..... 21
PC Official Arrested for Alleged Bribery *[PAP]* ..... 21
Onyszkiewicz Denies Foreign Minister Candidacy *[PAP]* ..... 21
Solidarity MP Upholds Resignation Decision *[PAP]* ..... 21
Solidarity Commission Opposes Caucus Split *[PAP]* ..... 21
More on Government-Trade Union 'Enterprise Pact' *[GAZETA WYBORCZA 23 Feb]* ..... 22
48 Hour General Strike in Lodz Ends *[PAP]* ..... 22
Walesa Visits Shipyard Workers in Gdansk *[PAP]* ..... 23
Kuron on Strikes, Pact on Companies *[Warsaw TV]* ..... 23
Solidarity Supports State Employees' Demands *[PAP]* ..... 24
Union 'Network' Leader Expresses Support for Walesa *[TRYBUNA 22 Feb]* ..... 25
Broadcasting Chief on Future Tasks *[Warsaw Radio]* ..... 25
New Radio, TV Broadcasting Law Effective 1 Mar *[Warsaw TV]* ..... 26
Defense Officials View Defense Law Amendment *[SIS]* ..... 26
Envoy To Oversee Lodz Restructuring Named *[PAP]* ..... 27
Retrial Requested In Mercenaries' Recruitment Case *[PAP]* ..... 27
Opole German Minority Head Views Priorities *[TRYBUNA OPOLSKA 16 February]* ..... 27
Polish, Russian State Archives Conclude Research Deal *[PAP]* ..... 28
Peasant Party MPs End Lithuania Visit *[PAP]* ..... 29
Skubiszewski on Relations With Ireland *[Warsaw Radio]* ..... 29
Ministry Official Says No to Asylum-Seekers *[Warsaw Radio]* ..... 29
Bosnian Airdrops Deemed 'Too Little, Too Late' *[ZYCIE WARSZAWY 24 Feb]* ..... 31

**ROMANIA**

Transpsortation Minister Comments on Danube Blockade *[Bucharest Radio]* ..... 32
FRY Allegedly Responsible for Blockade *[Bucharest Radio]* ..... 32
Convoys Still Held Up *[Bucharest Radio]* ..... 32
Blockade Continues; More Convoys Join *[Buchrest Radio]* ..... 32
President Allegedly Orders News Blackout *[ROMPRES]* ..... 33
Foreign Ministers Sign Political Treaty *[ROMPRES]* ..... 33
Vacaroiu on 'Ambitious' Draft Government Program *[ROMPRES]* ..... 33
Positives, Negatives of Program *[Bucharest Radio]* ..... 33
PUSD Leaders Support Program *[ROMPRES]* ..... 34
PNTCD Criticizes Government Program *[ROMPRES]* ..... 34
ROMPRES Refutes Tokes' 'Pogrom' Allegations *[ROMPRES]* ..... 34
Tokes' 'Ethnic Cleansing' Statements Condemned *[ROMPRES]* ..... 35
Parlimantarians Say Allegations 'Untruthful' *[ROMPRES]* ..... 35
Tokes' Washington Statement Condemned *[ROMPRES]* ..... 35
Tanase Views Reform Program, Possible Cabinet Reshuffle *[ROMPRES]* ..... 35
Ministry Claims Oil Industry Decline Stopped *[ROMPRES]* ..... 36
Knowledge of Arms Delivery Accord Denied *[Bucharest Radio]* ..... 36
Spiroiu Briefs Attaches on Army Modernization *[ROMPRES]* ..... 36

**BOSNIA-HERCEGOVINA**

Army Contradicts Claims of Airdrop Success *[Sarajevo Radio]* ..... 37
Belgrade Radio Notes New Airdrops ..... 37
Sarajevo Radio Reports Airdrop ..... 37
Aid Not Reaching People *[AFP]* ..... 37
Deputy Premier:Aid in Serb Hands *[AFP]* ..... 38
Packages Found Far From Target *[Ljubljana Radio]* ..... 38
Fighting in Drop Zone Continues *[Sarajevo Radio]* ..... 38
TANJUG Reports Fighting *[TANJUG]* ..... 39
Sarajevo Radio: Gas Used on People Waiting for Airdrop ..... 39

Varied World Reaction to U.S. Air Drop *[TANJUG]* ..... 39
UN Ambassador Views U.S. Involvement, Talks *[Sarajevo Radio]* ..... 40
Izetbegovic Not To Participate in New York Talks *[Sarajevo Radio]* ..... 41
Links Talks, Military Document *[TANJUG]* ..... 41
Commentary Views New York Negotiations *[JAVNOST 20 Feb]* ..... 41
Serb Leaders Ponder UN War Crimes Tribunal *[Sarajevo Radio]* ..... 42
UNPROFOR Reports 'Increased Combat' in Sarajevo *[Sarajevo Radio]* ..... 43
Army Reports Frequent Violations of No-Fly Zone *[Sarajevo Radio]* ..... 43
Artillery Attacks From Croatia Reported *[TANJUG]* ..... 44

## CROATIA

Talks Resume To Establish Cease-Fire in Krajina *[AFP]* ..... 45
RSK Leader Declares Readiness for Concessions *[TANJUG]* ..... 45
Krajina Minister Expects New Negotiating Pressures *[TANJUG]* ..... 45
Wahlgren Takes Over Command of UNPROFOR *[AFP]* ..... 46
Tudjman on Airdrop, Talks, Italy, Bosnia *[Zagreb Radio]* ..... 46
Croatian Artillery Continues Attacks on Krajina *[TANJUG]* ..... 49

## SLOVENIA

Croat Aircraft Said To Violate Slovene Airspace *[Ljubljana Radio]* ..... 50
Bosnian Threatens Border Crossing With Explosives *[Ljubljana Radio]* ..... 50
Fernetici Border Crossing Still Closed *[Ljubljana Radio]* ..... 50
Finance Minister Urges Rational Spending *[DELO 6 Feb]* ..... 50
Consolidation of Economic Ministries *[DELO 5 Feb]* ..... 56
National, Christian Democrats To Merge *[SLOVENEC 6 Feb]* ..... 58

## YUGOSLAVIA

### Federal

Commentary Views Split in Krajina *[NEDELJNA BORBA 20-21 Feb]* ..... 59
Economy Adjusts to Hyperinflation *[EKONOMSKA POLITIKA 18 Jan]* ..... 60
Roundup of Firms' Activities, Sanctions Effects *[EKONOMSKA POLITIKA 18 Jan]* ..... 62

### Serbia

Government Condemns Kidnap of Train Pasengers *[TANJUG]* ..... 65
Commentary Assesses Difficulties of U.S. Operation *[DNEVNIK 24 Feb]* ..... 65
Draskovic: Demonstration Will Not Be 'Peaceful' *[Belgrade Radio]* ..... 66
Milosevic Says Turkish Policy 'Unacceptable' *[TANJUG]* ..... 67
Fascist Tendencies Noted in Present Regime *[DNEVNIK 5 Feb]* ..... 68
Roundup on Activities of Enterprises *[EKONOMSKA POLITIKA 8 Feb]* ..... 69

### Kosovo

Human Rights Commission Denounces Serb Repression *[ATA]* ..... 72

### Vojvodina

Sanctions Affect Business Activity *[Belgrade Radio]* ..... 73
Army Denies Claims of Forced Mobilization *[TANJUG]* ..... 73
Status of Economic Activities, Firms *[EKONOMSKA POLITIKA 1 Feb]* ..... 73

## UN Talks on Bosnia Continue Amid Tight Security

*LD0103192493 Belgrade TANJUG in English 1900 GMT 1 Mar 93*

["Pool" item]

[Text] New York, March 1 (TANJUG)—The peace talks on the former Yugoslav Republic of Bosnia-Hercegovina, in which a fierce war between local Serbs, Croats and Moslems has raged for 11 months now, continued in New York on Monday [1 March] amid stiffer security measures.

Bosnian Serb leader Radovan Karadzic is to meet cochairmen of the Geneva conference on the former Yugoslavia Cyrus Vance and Lord David Owen in the afternoon. Vance and Lord Owen are also to talk with Bosnian Croat leader Mate Boban during the day.

It is still uncertain whether Moslem Bosnian leader Alija Izetbegovic will show up in New York. Izetbegovic flew to Washington on Saturday to meet U.S. Vice-President Al Gore.

Vance and Owen said they would try to seat all three warring factions at the same table. They will have a difficult time achieving this and talks will probably be held separately as during the first round of the New York talks two weeks ago.

Karadzic on Sunday evening met Russian and U.S. mediators in the talks—Vitaliy Churkin and Reginald Bartholomew. No details of their talks have been disclosed except that they were of an informatory nature.

New York circles assess that the position of the Moslem side has considerably weakened by the letter which Mile Akmadzic sent head of the U.S. Congress Foreign Policy Committee Joseph Biden. Croat Mile Akmadzic, the prime minister of the Moslem-Croat Government, disputed Izetbegovic's legitimacy, since his presidential term-in-office expired in late December.

Akmadzic also disputed the right of head of the Moslem delegation Haris Silajdzic to speak on behalf of the whole Moslem-Bosnian Government and said he could speak only in the name of the Moslems.

New York circles say that it came as a real shock for the Moslem side when U.S. State Secretary Warren Christopher said in NBC's "Meet the Press" on Sunday that it was not very likely that the situation in Bosnia could be reversed to the point in which it was a year and a half ago and that some new realities should be taken into consideration.

The NEW YORK TIMES said that Christopher's statement practically meant that the United States was more or less ready to respect the existing situation in the field.

## Arms Deal Between Russians, Serbs Alleged

*LD2802092393 London OBSERVER in English 28 Feb 93 p 1*

["Exclusive" report by Simon Carroll from Geneva, entitled "Russians in $360m Secret Arms Deal With Serbs"]

[Text] Russian military hardware, including sophisticated missiles, has been flowing into Serbia and Serb-controlled areas of Bosnia and Croatia under a secret deal agreed more than a month ago.

The agreement, which contradicts Russia's professed, if increasingly reluctant, adherence to the United Nations blockade, was signed by generals representing the Russian army and the intelligence service, formerly the KGB [Committee of State Security]. Three rounds of negotiations took place in Romania and Bulgaria, ending on 22 January.

It is understood that the Russians have already sent their own technicians and soldiers to operate the missile batteries and that some of these have been positioned in Serbian-held Krajina, where Serb forces are fighting back with increasing success against a surprise Croatian onslaught that began days after the secret deal was signed.

The Serbs, traditional ally of the Russians, agreed to buy $360 million (250m pounds sterling) of weaponry, including the small, mobile Soviet T-55 tank and an array of antiaircraft and antimissile missiles capable of destroying targets up to 375 miles away. One of the key types of missile ordered is the Tochka—a tactical weapon with a 75-mile range.

One of the missiles demonstrated on video by the Russians releases a second missile if the mother missile is struck in flight. This missile system, which Russia is also keen to sell to the Gulf States, is "several times more effective" than its U.S. equivalent, President Boris Yeltsin's military adviser, Mikhail Malev, told IZVESTIYA recently. The Russians are desperate to sell arms after orders plummeted last year.

The meetings with the Russians took place at a time when U.S.-led air strikes against Serb targets were being contemplated at the UN. This threat has receded, although U.S. Secretary of State Warren Christopher included the enforcement of the UN air exclusion zone over Bosnia as part of the Clinton administration's policy this month.

The Serbs have claimed that air drops of humanitarian aid to besieged Bosnians, which may begin this week, could rapidly escalate into air strikes against them if any aircraft were shot down: the Bosnian Serb military command claimed that an incident could be manufactured by the Muslim-led Bosnian government to bring about international intervention in the conflict.

Russian soldiers have been seen in the Bosnian Serbs' largest city, Banja Luka, and in Krajina. But they have been assumed to be volunteers recruited by Cossack right-wingers. Last week, Russian television reported that hundreds of Cossack volunteers were already fighting in Bosnia

The Russian parliament last week almost unanimously called for the lifting of sanctions against Serbia and Montenegro and the imposition of sanctions against Croatia. The Russians shifted their position almost as soon as the arms deal had been signed, which may or may not be coincidental.

The Russians are now putting forward a nine-point plan, which includes a call for sanctions against Croatia if it does not end its attacks on Serbs holding territory in Krajina. The Foreign Ministry in Moscow also declared that it was impossible to apportion more blame to the Serbs than to the other warring factions in Bosnia-Hercegovina.

It is not clear if Yeltsin was consulted before the deal was signed, but military analysts consider it almost impossible that he has not since been aware of the arms supplies.

Another part of the deal reportedly provides for a huge military presence by Russian soldiers, ostensibly to police borders, cease-fire lines and potential trouble spots. The force envisaged would be much larger than the 25,000 UN peacekeepers required under the Vance-Owen proposals.

The Russians first met the Serbs in a mountain chalet not far from Timisoara in Romania. Each side had five representatives. There was also delegations from Romania and Bulgaria.

The deal was signed after two further rounds of talks in Sofia, the Bulgarian capital. The Russians said that only their veto would prevent an air-exclusion zone being enforced, and that signing the deal would ensure it.

It is understood that the final signatures on the document were those of Serb leaders from Krajina, apparently so that the Serbian government could not later be incriminated. Western diplomatic sources said they had no knowledge of the deal but would not be surprised by it.

The western Europeans and Americans are anxious not to point the finger at the Russians now, since they are counting on Moscow to pressure the Serbs into accepting the Vance-Owen peace deal during negotiations taking place in New York today and tomorrow.

## Senior Official Outlines EC Admission Procedure

*AU2502224493 Prague CTK in English 1407 GMT 23 Feb 93*

[Text] Prague, Feb 23 (CTK)—Responding to a recent opinion of the Czech Premier Vaclav Klaus, Vice-President of the European Community Commission Henning Christophersen told a press conference today that East European countries may apply for EC membership either singly or in blocs.

Klaus previously said that the Czech Republic would pursue an EC membership without any regard for its Central European partners in the Visegrad grouping—Slovakia, Poland and Hungary.

The EC official said as long as a country meets the EC requirements it does not matter it applied singly or in a group and would be judged strictly on its merits without any regard to others. He added that the EC admission process for East Europe would begin in about three years.

The press conference was held in the framework of the ongoing European Economic Forum in Prague. Other Czech and Slovak banking officials were also questioned by press.

Czech Finance Minister Ivan Kocarnik stressed the effort of the Czech Government to adapt its tax system to the West European standards. It will result in the stimulation of Czech economy, he said.

Asked about an extent of the independence of the Czech National (central) Bank, the minister replied tongue-in-cheek that it was perhaps the broadest in the world. As a finance minister, he sometimes did not know bank's plans beforehand, he explained.

Slovak Finance Minister Julius Toth pledged that Slovakia would promulgate a comprehensive banking law in five days. Also, foreign banks which will bring their own capital to Slovakia would receive tax relief from the Slovak Government for five to 10 years, according to Toth.

## Czech-Slovene Free Trade Zone Under Preparation

*AU0103152793 Prague CTK in English 1637 GMT 25 Feb 93*

[Text] Ljubljana, Feb 25 (CTK correspondent)—The Czech Republic is willing to participate in the work of an international tribunal which should assess the guilt of persons responsible for war crimes in the former Yugoslavia, Czech Foreign Minister Josef Zieleniec said here today.

At a joint news conference with his Slovenian counterpart Lojza Peterle following their talks Zieleniec, on a one-day visit to Slovenia, said the Czech Republic wants to take an active part in solving the conflict in Bosnia and Hercegovina, according to its possibilities.

The ministers said their talks have confirmed that the views of the Czech Republic and Slovenia on the activities of the Visegrad regional grouping, comprising the Czech and Slovak Republics, Hungary and Poland, are similar. Both countries see it mainly as a grouping of countries closely cooperating in the framework of specific projects, without wide-scale institutionalisation.

Zieleniec called technically complicated the question of the Czech Republic's and Slovenia's succession to the agreements concluded between the former Czechoslovakia and the former Yugoslavia as the legal aspects must be considered.

The ministers stated that the Czech Republic and Slovenia will support each other in their efforts aimed at entering various international organisations.

They did not discuss in detail an agreement on a free trade zone between the Czech Republic and Slovenia which could be signed in the first half of this year, according to Czech Premier Vaclav Klaus.

Zieleniec said the agreement is currently being drafted by Czech and Slovenian experts. He said that given the existence of a customs union between the two successor states to the former Czechoslovakia—the Czech and Slovak Republics—Slovakia will also have to be included in the talks on a free trade zone with Slovenia.

## Czech, Slovene Officials Discuss Bosnia Conflict

*AU0103153093 Prague CTK in English 1953 GMT 25 Feb 93*

[Text] Ljubljana, Feb 25 (CTK)—The Bosnia conflict cannot be solved through the use of outer military force, Czech Foreign Minister Josef Zieleniec and Bosnian [Slovene—title as received] President Milan Kucan agreed in their meeting in Ljubljana today.

The mechanism of the conflict probably causes that an outer military solution is hindered by the impossibility to give the troops clear orders and to orientate them at clearly-defined targets, Zieleniec told journalists.

On a day-long visit to Slovenia, he said that the Czech Republic's active share in the solution of the Bosnia conflict would be linked to the effort of the international community.

It is also necessary to try to persuade the parties concerned in the conflict to accept international solutions, Zieleniec said.

He described his meeting with Slovenian Premier Janez Drnovsek a polite one. We briefly reviewed our countries' relations. The list of what we have done and what we are planning to do was optimistic, Zieleniec said.

## Czech, Slovak Ministers Discuss Economic Relations

*AU2602135693 Prague CTK in English 2158 GMT 24 Feb 93*

[Text] Bratislava, Feb 24 (CTK)—The Slovak side today officially requested that problems concerning import restrictions be discussed by the Customs Union Council, said Czech Minister of Industry and Trade Vladimir Dlouhy at the conclusion of a meeting of Czech and Slovak economics ministers here today.

Slovak Economics Minister Ludovit Cernak said that the ministers also agreed to initiate amendments to the payments agreement in the area of reexports. Concerning import restrictions, we must consider whether they are acceptable for the Czech Republic and whether they will cause problems on the international scene, especially regarding GATT (General Agreement on Tariffs and Trade), Dlouhy said. According to Cernak, GATT regulations allow anti-import measures in some cases, which he believes include import restrictions.

The ministers also agreed that no supranational company will be created to regulate gas transit. Slovakia accepted the 2:1 division of VIA shares (general investment shares), Dlouhy said, adding that the Czech Republic will make transit payments to Slovakia in hard currency. He noted that the question of transit payment amounts remains open. The Slovak side is demanding 1.4 USD [U.S. dollars] for 1,000 cubic metres of gas and 100 kilometres of gas pipeline, while the Czech side is willing to pay 1.1 USD.

## Ship's Captain Calls Iron Gate Reports 'Distorted'

*AU0103191093 Sofia BTA in English 1710 GMT 1 Mar 93*

[Text] Vidin, March 1 (BTA)—The Bulgarian Khan Tervel catamaran cast anchor at 0800 hrs local time today at the port of this Bulgarian city after a four-day detention near the iron gate lock. "The letting through of this catamaran was a humanitarian gesture on the part of the Serbian sailors who have blocked the Danube at the Iron Gate lock with their vessels," the captain of Khan Tervel, Mr. Radoslav Iliev, told BTA.

This Bulgarian vessel is the only one to pass the blockade after Serbian sailors blocked the fairway of the Danube at the 862d Km. near Djerdab. Almost 50 vessels have blocked the Danube and not even a small boat can pass through, Captain Iliev said. Khan Tervel, carrying chicken and veal destined for Iran, was let through after a verbal agreement between the Bulgarian captain and his Serbian colleagues because of failures in seven of the refrigerators of the catamaran.

It is my duty to state before BTA and through it before all Bulgarian and other mass media that the reports on the blockade and the detention of ships near the Iron Gate lock are inaccurate and quite distorted, Captain Iliev said. The detention by the Romanian authorities of some ten Serbian vessels for more than a month under the pretext that they violated the embargo imposed by the UN violates the Danubian Convention of 1947, Mr. Iliev said. According to him, there are no resolutions prohibiting the movement of Serbian ships between Serbian ports, regardless of what they carry on board, and in this specific case they are empty. The unilateral closing by the Romanians of the water gate violates all agreements between the Danubian countries, according to Captain Iliev. The Serbs are seeking to start negotiations with the Romanians but have so far met with their refusal, the Bulgarian captain added.

After Khan Tervel cast anchor this morning and unloaded 22,000 tonnes of meat worth 44 million U.S. dollars, another Bulgarian catamaran—Khan Kardam remains stranded, Mr. Ivan Rusev, chief of the Navigation Directorate of the SOMAT company in Vidin, told BTA this afternoon.

The detained vessel is carrying 24 truckloads (about 20 tonnes each) of pistachio nuts. A prolonged detention at low temperatures may result in the moistening of the freight, Mr. Ivan Borisov, chief of the Border Bureau of the Company in Vidin, said.

The SOMAT Company alone is suffering daily losses amounting to an average of 4,000 U.S. dollars per ship from the demurrage of Khan Tervel and Khan Krum at the Vidin port, of Khan Asparukh in Passau and of Khan Kardam at the Iron Gate lock.

But the daily losses suffered by Bulgaria as a result of the blocking of the Danube at the Iron Gate lock exceed by far the announced 404,000 U.S. dollars, Mr. Kiril Ivanov, captain of the Khan Krum catamaran stranded in Vidin, claims in today's issue of the KONTINENT daily. Not only the Serbian section of the river is blocked at the Iron Gate lock but also the Romanian and the international one which is unprecedented in the history of Danubian navigation, Mr. Ivanov claims.

At least 18 barge trains have been forced to stop at different ports along the Danube because of the blockade of the river by Serbian ships which has been continuing for a week now, a spokesperson of the Romanian Ministry of Transport announced today. Barge trains sailing under Romanian, Russian, Austrian, Hungarian, and Slovak flags are waiting for Serbia to lift the blockade of the river it imposed last Tuesday [23 February] in protest against Romania's refusal to let through to Belgrade two Serbian barge trains loaded with diesel fuel.

## Daily Alleges Illegal Electricity Export to Serbia

*AU0103152293 Sofia DUMA in Bulgarian 24 Feb 92 p 2*

[Text] For 16 days the National Electricity Company has been exporting electric power to Serbia, thus contravening the international embargo. All the state institutions in the country were informed of this in a timely way and on repeated occasions, while Podkrepa President Dr. Trenchev informed Prime Minister Lyuben Berov personally.

Informed sources allege the illegal export started on at 1000 on 2 February. Following the furor raised in the press, the export ceased at 2051 on 18 February. According to an official report of the National Electricity Company on the state of our energy system, on 17 February, for example, between 227 and 229 Megawatts of electricity per hour were exported to Macedonia. The only possible direct route for sending the power to embargo-free Macedonia is the "Belasitsa" electric power line between Petrich and Strumitsa. According to specialists this line normally carries a load of from 25 to 33 Megawatts.

The only other power line that was operating at that time on our western border as the "Nishava" line between the Sofia-West substation and the substation in the Serbian town of Nis. According to the sources, this line operates at a much higher voltage and is capable of carrying up to 300 Megawatts. Experts claim that the remaining 200 or so Megawatts were transmitted along this line. The figures in the aforementioned report show that during the whole of 17 February 4,941 Megawatts of electricity were sent to Macedonia, while 68,056 Megawatts have been transmitted from the beginning of the month until now.

Following the suspension of the illegal deal, the situation on 20 February was quite different. The report for this day shows that only between 25 and 33 Megawatts of electricity per hour were exported to Macedonia, the total amount for the day being 406 Megawatts. This, on the other hand, conflicts with the statement by Dyanko

Dobrev, chairman of the National Electricity Company, who publicly claimed in the press on 20 February that the export of electricity to Macedonia was suspended "yesterday evening" [19 February].

### Electricity Chief Denies Exporting

*AU0103151893 Sofia KONTINENT in Bulgarian 25 Feb 93 p 3*

[Interview with Dyanko Dobrev, chairman of National Electricity Company, by Lyubomira Nikolaeva; place and date not given: "There Is No Alternative to Nuclear Power, Solar Energy Is a Will-of-the-Wisp"]

[Text] [Nikolaeva] Mr. Dobrev, accusations have been made that the National Electricity Company is exporting electricity to Serbia.

[Dobrev] The National Electricity Company is exporting electricity to Macedonia and Greece. This can be checked on the meters at our substations at the point of exit from Bulgaria and at the entry to Macedonia—the figures are identical.

[Nikolaeva] The Yugoslav crisis also has other dimensions. Does the possibility of extension of the conflict pose a security threat to the Kozloduy Nuclear Power Plant?

[Dobrev] States that have nuclear power are under special international protection. The Bulgarian nuclear power plant is no exception. The international conventions and UN documents provide for protection of nuclear plants from sabotage and military actions in their vicinity. The nuclear plant at Krsko, between Slovenia and Croatia, has no problems with its security, despite its proximity to zones of conflict.

[Nikolaeva] What national guarantees do we have?

[Dobrev] The Kozloduy plant is fitted with the best possible protection mechanisms, and the nuclear plant is guarded by special troops and government police. It is impossible for outsiders to get in. The protective fence is equipped with an electronic monitoring system, and the staff is also prepared to prevent any danger. It is absurd to claim that anyone can enter and reach the equipment or cause an explosion.

[Nikolaeva] It is also possible to speculate politically with the issue of the nuclear plant's security. During last year's transport strike a fax sent by one of your employee's almost caused a national state of emergency....

[Dobrev] We dismissed this employee. In his explanation Stefan Stefanov said that he had closely followed the events in the former Yugoslavia, that he convinced himself that measures must be taken to ensure the security of nuclear plant, and that he thought that he was the man to save the country. The incident put the National Electricity Company in a very bad light. The government reacted sharply: It is not enough that you keep us in the cold and the dark, they told us, but you will force us into a war as well. Personally speaking, this happened on my first day of work in the National Electricity Company, so it was a fine welcome for me. Now the checks and controls are very extensive, and nothing like this can happen again.

[Nikolaeva] Is the failure so far to sign a contract with Russia for the supply of nuclear fuel connected in any way with the plant's security?

[Dobrev] The negotiations will be resumed. We disagree only on two points: transportation and payment. We insist on receiving the fuel at the port of Reni and on paying half the cost of the fuel in the form of goods. Russia proposes delivering the fuel to the Russian-Ukrainian border and wants half the price to be paid in leva, which it will use to buy goods for itself. If the National Electricity Company pays in goods, it can get them from its own debtors and thus collect part of the money that we cannot collect from industry. The disagreements will probably be resolved within 10 days. If the contract is not signed, it may indeed be disastrous because the reactor units will have to shut down before the end of the year. However, this will not happen; I am 99.9 percent sure of this.

[Nikolaeva] What about the question of disposing of spent fuel?

[Dobrev] We have not yet managed to negotiate the price for which the Russian side will take the spent fuel back. Until a year ago, they did this free of charge, but now they want 70-80 percent of the value of the fresh fuel. This is prompting us to step up work on constructing a storage facility in which we can keep the fuel for 30 years and then send it away for processing. We have drafted an international agreement, similar to the one signed between Russia, Ukraine, and Hungary, to provide for the return of the duel, but evidently there is delay in resolving the matter.

[Nikolaeva] In general, will you call for an expansion of the nuclear energy industry? The possibility of taking the Belene nuclear plant project out of cold storage has caused an eruption of high feelings.

[Dobrev] Only when definitive conclusions have been reached on the Belene site can we adopt any decisions, whether to send 10 bulldozers over to level the site and thus sacrifice the 1.3 billion dollars spent so far, or to continue the construction.

[Nikolaeva] Can the country manage without new nuclear plants?

[Dobrev] I do not believe it can. New thermoelectric power plants fueled with coal from Maritsa-Iztok require sulfur treatment installations that cost as much as the generators themselves, which we cannot afford. We will not be able to import gas for gas-powered plants from

anywhere. Various ideas have been mooted about wind power, solar energy, and so on, but these solutions are simply nonsensical.

### Industry Minister Bikov Departs for Turkey

*AU0103211693 Sofia BTA in English 1937 GMT 1 Mar 93*

["Today"—BTA lead]

[Excerpts] Sofia, March 1 (BTA)—Industry Minister Rumen Bikov today left on a five-day official visit to Turkey at the invitation of Turkish Minister of Industry and Trade Tahir Kose, BTA learned from the Ministry of Industry. The talks will focus on opportunities to broaden bilateral economic contacts.

Asked to comment on a statement by Polish President Lech Walesa that a revolution similar to the October 1917 one may break out in Russia, National Assembly Chairman Aleksandur Yordanov told a news conference today that "such a menace cannot be ruled out."

A three-month moratorium on dismissals and appointments in the Foreign Ministry is effective as of today, said Valentin Gatsinski, the newly-appointed first deputy foreign minister. According to him, there is no logic in the appointments and dismissals at the ministry which have caused serious difficulties. More than 300 people were dismissed within a year without the consistent application of any criteria, judging from the fact that several dismissed diplomats won lawsuits against the ministry. Mr. Gatsinski did not deny that some of those dismissed as well some of those newly-appointed were good diplomats. He denied rumours that he was a candidate for the post of foreign minister. According to Mr. Gatsinski, the foreign minister should be a politician, not a career diplomat. [passage omitted]

The Independent Trade Union of Uranium Miners insists that the Council of Minister reviews last year's decision of the previous cabinet to close down uranium mines and that companies pay out the debt to employed and laid-off miners, says a declaration received at BTA today. The trade union demands the resignation of Industry Minister Rumen Bikov, as he did nothing to settle the problems in uranium mining. Expressing a conviction that problems can be settled by dialogue, the miners declare that if the necessary measures are not taken in due time, they will call a strike.

The Extraparliamentary Bulgarian Social Democratic Party today organized a meeting of centrist political forces, to which it invited the ethnic Turks' Movement for Rights and Freedoms, the Alternative Social Liberal Party, the Green Party, the Europe Social Democratic Club and the Bulgarian Workers' Social Democratic Party. They will discuss the cabinet's programme and its priorities. "The aim of these meetings is to set up a mechanism to work together. We may also agree to release joint statements on some burning social issues," the leader of the Bulgarian Social Democratic Party, Dr. Petur Dertliev said.

The parties affiliated to the extraparliamentary Bulgarian Democratic Center (BDC) will keep working to set up a strong centrist alliance, as it is the only chance of small parties to take part in political life, BDC leaders told a news conference. According to BDC acting leader Valentin Tserovski, a struggle is on now to restructure political space. According to him, a liberal and social democratic centre is emerging.

A team of environmental experts from Hungary, Slovakia, Romania and the Netherlands, which visited Vidin on the Danube, will make an independent study of the town's environment, the BTA correspondent in Vidin reports. Representatives of four dutch universities will propose measures to protect plant and animal life in the river Danube and the environment in the Vidin- Calafat and the Ruse-Giurgiu region. [passage omitted]

### 'Anti-Bulgarian Campaign' in Serbia Discussed

*AU0103153193 Sofia BTA in English 1325 GMT 1 Mar 93*

[Text] Sofia, March 1 (BTA)—At today's special press conference, National Assembly Chairman Aleksandur Yordanov dwelt on the activity of Bulgarian parliamentary diplomacy.

He pointed out that the active contacts established by the Bulgarian parliament of late—the visits by parliamentary delegations to Germany, Greece, and Russia, clearly outlined the priority in the country's foreign policy: Bulgaria's integration with the European political and economic structures. Bulgaria has not given up the regional forms of cooperation too, Mr. Yordanov said.

"The visit to Greece proves that Bulgaria is for an equality-based dialogue in the Balkans," the National Assembly chairman said. He did not agree with the view that Bulgaria maintained intensive contacts with Turkey only.

"There is the danger of interests in the Balkans escalating in the direction of national interests only, that is why there should be a country putting common sense in all-Balkan policy," Mr. Yordanov said. In his opinion, Bulgaria is a country that could do this.

There is no obstacle to seeking contacts with Serbia if such contacts would help curb the anti-Bulgarian campaign launched in Serbia at the moment, Mr. Yordanov said in reply to a journalist's question if Bulgarian-Serbian parliamentary contacts could be expected.

The National Assembly chairman paid special attention to the Bulgarian parliamentary delegation's recent visit to Russia. The main problem which the Bulgarian delegation broached at its meetings in Moscow was the implementation of the Bulgarian-Russian treaty and

especially the provisions concerning the trade and economic sphere. The other important topics were Russia's huge debt to Bulgaria, the settlement of payments between the two countries, a new agreement on cooperation in transport, and the expansion of cultural and scientific exchanges.

## Romanian Nationalists Claim Dobrudzha Territories

*AU0103211493 Sofia BTA in English 2015 GMT 1 Mar 93*

[Text] Silistra, March 1 (BTA)—Inhabitants of this Bulgarian city on the Danube have received letters from a Paris-based Romanian nationalist organization. The letters include the programme of the Garda-Romania Organization, a questionnaire to be filled in and sent back and a map of Great Romania. The map illustrates the territorial claims of the Romanian nationalists. They have claims on the former counties of Tolbukhin and Silistra (a great part of northeastern Bulgaria) as well as territorial claims on Hungary and Ukraine. The programme shows that the restoration of Great Romania will take place stage by stage. The first stage will be to establish structures of the organization (detachments) beyond the present borders of Romania "to defend, when necessary, the interests of Great Romania." The second stage will be to establish "autonomous territories inhabited by Romanians" and the final stage is to proclaim the independence of these autonomous territories and their unification with Romania. The questions included in the questionnaire refer to the present government of Romania and ask for opinions on who could rule that country. One question mentions the date of the possible unification of Great Romania—December 1, 2000. "Do you want our wish for a Great Romania to come true by December 1, 2000?" the pollsters from Paris ask. The letters were presented to journalists by inhabitants of Silistra. The translations are literal and were not made by professionals. The police declined to comment on this case, citing legislative restrictions to control over private correspondence. Similar letters have been received in other population centres of the region.

## Italian Ambassador Criticizes Slow Economic Reform

*AU0103211293 Sofia BTA in English 2022 GMT 1 Mar 93*

[Text] Sofia, March 1 (BTA)—Italian Ambassador Agostino Matis says in an extensive interview for DEMOKRATSIYA that Italy has not targeted serious economic projects on Bulgaria though two groups of Italian businessmen have visited the country. Unfortunately, the lack of important economic laws, delays in privatization and reforms in the institutions deterred them from investing in large-scale projects in Bulgaria, Mr. Matis says. Still, this country has attracted a great deal of Italian investment, there are many Italian shops. Though its presence is not given wide publicity, Italy has a sure footing here, says the Italian ambassador to Sofia. Mr. Matis elaborates on Italian humanitarian aid to Bulgaria. The profit of the first shipment of 16,000 tonnes of foods in 1991 was put on the account of a Bulgarian-Italian fund. The Bulgarian Foreign Aid Agency has signed a memorandum and is managing the fund. According to Mr. Matis, the fund has been used for humanitarian purposes so far. There are also social, cultural and educational projects, says Mr. Matis. Proposals have been submitted for half of the fund. Two social and three cultural projects are being carried

## Government Approves Agreement With European Banks

*AU0103212493 Sofia BTA in English 1920 GMT 1 Mar 93*

[Text] Sofia, March 1 (BTA)—The Council of Ministers today decided to propose to the National Assembly to ratify an agreement between Bulgaria and the European Investment Bank and the European Bank for Reconstruction and Development to guarantee loans to the aggregate amount of ECU [European Currency Units] 102 million. The money is granted to a project to update Bulgaria's telecommunications moved by the National Telecommunications Company. The cabinet today passed a decree regulating the management, use and administration of Bulgarian immovable property abroad. It approved a report by the minister of foreign affairs on negotiations between Bulgaria and the United States on regulating the export of Bulgarian-made textile articles.

The cabinet approved a report on negotiations with Turkey on a new bilateral visa accord. The cabinet extended by April 15, 1993 the present accord which was signed in 1979. The Bulgarian Government unilaterally suspended this accord last November, insisting that a new one be signed. According to the Bulgarian side, the passage of nearly three million Turkish citizens through Bulgarian territory has an adverse impact on the road and communications infrastructure and visa fees should be collected to maintain it.

According to the Ministry of Foreign Affairs, close bilateral relations now make it possible to settle the problem of transit passage.

The signing of a new visa accord is also motivated by Bulgaria's new visa policy orientated toward a phasing-in of EC visa standards.

The cabinet approved today a bill for financing agriculture in 1993, moved in parliament by a group of M.P.'s [members of parliament] in February. According to the report of Mr. Georgi Tanev, minister of agriculture, in 1993 agriculture will need about 10 billion leva. Of them 2 billion will be needed for financing the cultivation and harvesting of winter crops, about 1 billion for the cultivation of perennial crops and about 6.5 billion for the

cultivation of spring crops. According to preliminary estimates, the Ministry of Agriculture will be able to allocate only about 6 billion leva.

The government determined today the order and conditions for restoring property over environmentally polluted agricultural land, the ways of its use and reclamation in an ordinance on agricultural land contaminated by toxic substances and radionuclides above the admissible levels as a result of the industrial activities of state-owned enterprises of lasting consequences for the health and hygienic characteristics of the land which can be reclaimed. When the land cannot be reclaimed as a result of excessive contamination, the owners are indemnified at their request in compliance with the arable land ownership and use act. The government also approved a list of environmentally polluted regions prepared by the Ministry of the Environment. The reclamation of such land will be carried out by suitable technologies determined by a council of experts comprising representatives of the Ministry of Agriculture, of the environment and of health care which will also approve ceiling expenditure norms coordinated with the Ministry of Finance. The minister of agriculture was assigned to organize and coordinate the work of the council of experts.

## Britain's Crowe Discusses Investments in Sofia

*AU0103212093 Sofia BTA in English 1949 GMT 1 Mar 93*

[Text] Sofia, March 1 (BTA)—Britain is definitely interested in opportunities to invest in Bulgaria, according to Brian Crowe, deputy undersecretary of state and economic director at the British Foreign Office, who today met with Bulgarian Deputy Prime Minister Neycho Neev. Mr. Crowe arrived on a several-day visit to this country last Saturday [27 February]. The meeting has been prompted by the EC conference on the preparations by central and eastern European countries to join the EC due to be held in Copenhagen this June, the council of ministers press office reports. It is essential for would-be EC members to enhance the safety of their nuclear power stations, according to the British official. Beside Bulgaria's Kozloduy N-plant, just one or two N-plants in former East Bloc countries have taken steps to enhance safety, he said.

Mr. Neev familiarized the guest with the priorities in the Bulgarian government's programme and stressed its efforts the step up the democratic processes in Bulgaria.

Later today Mr. Crowe met with Deputy Foreign Minister Valentin Dobrev.

Mr. Dobrev set forth Bulgaria's views and intentions in promoting relations with the EC. Mr. Crowe said Britain was ready to help promote cooperation between Bulgaria and the EC after the signing of an association agreement, which is expected to take place in Brussels on March 8, the Foreign Ministry reports.

## Palchev Views Threat of Islamic Expansion

*AU0203080993 Sofia KONTINENT in Bulgarian 24 Feb 93 p 3*

[Interview with Ivan Palchev, National Assembly member of the Movement for Rights and Freedoms, by Angelina Petrova; place and date not given: "Ivan Palchev, DPS Deputy, Claims That Arab Countries' Islamic Expansion Is Using Bulgaria as Bridgehead to Europe"]

[Excerpts] [Petrova] So far the forecast that the Yugoslav crisis could develop into a Balkan war has been voiced outside Bulgaria. This possibility has been denied in Bulgaria. Recently General Andreev, adviser to the president on national security issues, confirmed this sinister forecast. Could the Balkan states be dragged into a war?

[Palchev] Gen. Andreev's forecast is not a confirmation of what others have said. His statement was based on his own analysis of the existing circumstances. The fact that we all claim that there will not be a Balkan war does not eliminate our concern. [passage omitted]

[Petrova] Has the issue been discussed at any state level?

[Palchev] The National Security Commission of the National Assembly has discussed the issue.

[Petrova] Was it only a discussion?

[Palchev] After noting the eventual consequences, our findings should be supported by an appropriate law. [passage omitted]

[Petrova] The officers say that military training is insufficient because the Army does not have enough ammunition.

[Palchev] Those are details I cannot comment on because I do not have sufficient information. If we do not adopt urgent measures, namely, to simply increase the officers' wages, we really face the risk of not having an army. [passage omitted]

[Petrova] How could Bulgaria be dragged into a war except through the situation we recently avoided? I mean the incident involving the Serbian vessels on the Danube.

[Palchev] I fear two elements in the Yugoslav crisis: The first is the possibility of overcoming the restraining factors that so far have prevented the expansion of the conflict to Kosovo and Macedonia. I think that at least for the time being those restraining factors are rather strong. This is my major fear, because regardless of how we view the situation, if Macedonia is dragged into the conflict, the Balkan states will not remain outside it. The tension will increase, and then the next step of directly participating in the conflict will be rather short. [passage omitted]

[Petrova] Do you think that Europe is incapable of coping with the Yugoslav crisis, or is it a matter of unwillingness to intervene in an efficient manner?

[Palchev] It is easy to blame Europe and claim that it does not want to efficiently intervene. In the final analysis important processes are taking place in Europe. Because of the important character of Europe and the world dimensions of its structures, Europe must take into account developments outside the continent, and outside Bosnia-Hercegovina. I see Europe's position on the Yugoslav conflict as being somewhere between the firm reluctance of Germany to commit itself to active intervention, and the pressure of other countries to effect such an intervention. We have been praised as being an island of stability. However, no one in Europe supports us in our efforts to preserve the ethnic peace and avoid political battles. Sooner or later our efforts will be exhausted. Let us hope that it will not be too late. However, we must note that foreign interests intervene in the situation in various degrees. Certain forces have penetrated our country and begun to treat Bulgarian Mohammedans as Muslims. I ask myself what are those forces doing here and whose interests do they protect?

[Petrova] Do you mean the so-called Turkish Democratic Party?

[Palchev] This is a stillborn baby. If it were registered, it would immediately contribute to the explosive situation in our region, especially against the background of the claims that certain political forces have committed themselves to supporting this insane attempt to create a Turkish Democratic Party in Bulgaria.

[Petrova] Aren't you going to name those forces?

[Palchev] Everyone in Bulgaria says different things. Those who deal with such things should name those forces. However, I do not mean only those forces. Suddenly it appears that Islamic countries, which have nothing in common with Bulgaria, are showing an interest in our citizens. I cannot accept the claim that countries from the Arab region have grounds for greater interest in Bulgarian Muslims than Turkey, to whose ethnic affiliation those Muslims belong. If there are in Bulgaria Bulgarian Mohammedans who feel themselves Turks, then it is our internal problem. However, they cannot be placed under the common denominator of "Muslims." All Muslims in Bulgaria have a clearly expressed ethnic affiliation. There is another concern I have, namely, that gradually, an expansion under the guise of protecting Muslims in Bulgaria or their interests could develop into an interest in all Muslims in the entire Balkan Peninsula.

[Petrova] Does the Movement for Rights and Freedoms [DPS] hold the key to ethnic peace in the country?

[Palchev] All Bulgarian people hold this key. However, the DPS is clearly an initial factor in regulating this issue and a basic factor in directing the processes in our country in a calm direction, something which turned us into citizens of Europe. [passage omitted]

## Berov, Officials Attend Russian Friendship Meeting

*AU0203115993 Sofia Khorizont Radio Network in Bulgarian 1000 GMT 2 Mar 93*

[Text] The second national conference of the Federation for Friendship With the Peoples of Russia and Commonwealth of Independent States [CIS] opened in Sofia today.

General Stoyan Andreev, the president of the republic's military adviser, read a greetings message to the conference on Dr. Zhelyu Zhelev's behalf.

Prime Minister Lyuben Berov and Aleksandr Avdeyev, Russian ambassador to Bulgaria, also addressed the conference with greetings speeches.

The conference business was begun by an address delivered by Prof. Zakhari Zakhariev, chairman of the Federation.

### Commentary Says U.S. Airdrop 'Forced Move'

*AU0103144293 Prague LIDOVE NOVINY in Czech 25 Feb 93 p 1*

[Commentary by Adam Cerny: "Helicopters Over the Pole"]

[Text] In the interwar period, caricaturists used to make fun of polar explorers trying to drop their national flags on the target of the North Pole. It was a bizarre idea. Some extravagant characters were ready to call this very act the conquest of the pole.

President Clinton's idea of helicopters dropping humanitarian aid to besieged regions of eastern Bosnia is far from funny. At the same time, however, it is difficult to take it altogether seriously. The term forced move seems to be appropriate here—a move forced by public opinion and his own electoral promises that the United States will get more involved in the Yugoslav crisis. The use of the comparative form here does not say much as the previous involvement of both the White House and the Department of State is hardly worth mentioning—Baker's comments of June 1991, which actually encouraged the Federal Army to shoot in Slovenia, are better forgotten.

The appointment of a special United States envoy to the talks to end the fighting in Bosnia and the announced humanitarian aid have a single objective—not to lose face and, at the same time, not to be dragged directly into the conflict.

That is, however, nothing new! The EC used the same strategy in dealing with this problem. We can see how successful its actions were on television everyday.

After all, the first steps of the United States could bring that country much further. This will happen the moment the helicopters hovering over the battlefield are hit by the first shot, and the first U.S. soldiers sustain serious injuries or die in eastern Bosnia.

The U.S. Government may be surprised by this. The diplomatic half-measures were intended to gain Bill Clinton the time he wants to use to settle, above all, domestic problems. The helicopters that are to fly over eastern Bosnia may bring the fundamental dilemma—whether or not to enter the murky waters of the Balkan War. Nevertheless, it will not be any easier. Flags dropped from airships and airplanes have not been recognized as the conquest of the pole; history recognizes only the expeditions that reached the pole by land, under extremely rough conditions, by a route that taxed their strength and called for many sacrifices.

### Economist Claims Public 'Misinformed' About Clintonomics

*AU0103160693 Prague CTK in English 1637 GMT 24 Feb 93*

[Text] Prague, Feb 24 (CTK)— The Czech public is being misinformed about the fundamental changes in the United States' economic policy, changes which cannot please Czech Government economists who are reforming the Czech economy specifically in the image of the American Republicans, Milan Matejka, an economist of the Liberal Social Union (LSU), told journalists today.

Viewers are not finding out from our television that the direction which our reforms are taking has failed in the United States, nor why it has failed, nor how the United States will proceed. Nor are they finding out that the world reaction to the United States' fundamental change of course has so far been overwhelmingly positive, Matejka said.

He said that the Czech press reacted to U.S. President Bill Clinton's February 17 speech with predominantly negative commentaries, and that factual information from the Czech News Agency (CTK) was written so that a reader could not get a positive impression. The Czech reader did not find out why Clinton put forward an unpopular tax program, nor that it was so that the United States could grapple with the unpleasant heritage of the Republican governments, with a huge deficit, with a neglected infrastructure and school system, and with an ineffective health care system, Matejka said.

He described the industrial, agricultural, and entire financial situation in the Czech Republic as critical, but ascribed foreign approval for the results of the Czech reforms to an information curtain arising from the fact that foreign countries are informed about the situation in the Czech Republic by proponents of a doctrine which has failed in the United States.

### Restriction of Minority Rights Favored If Necessary

*AU0103140393 Prague CTK in English 1736 GMT 25 Feb 93*

[Text] Prague, Feb 25 (CTK)—Sixty-seven percent of the Czech population is convinced that ethnic minorities' rights can be restricted in the interest of the majority, a poll conducted by the Institute for Public Opinion Research has revealed.

Fourteen percent of the questioned were against such exceptions to the relevant law and 18 percent said they did not know.

The poll was conducted among 779 respondents over 15 between February 2-8.

The results, announced at a press conference today, showed that a majority of the undecided are women, the youngest persons, and people with elementary education.

The view that the restriction of rights is exceptionally possible is held mainly by middle-aged men.

The high percentage of people in favour of rights restriction may be due to the rising crime rate, especially among the Romany population.

About 200,000 Romanies live in the 10 million Czech Republic.

### Ruml Discusses Refugee, Migration Problem

*AU0103160393 Prague CTK in English 1143 GMT 24 Feb 93*

[Text] Prague, Feb 24 (CTK)— If we want to join Europe, we must deal with the refugee problem in cooperation with Germany, not keep on saying it is only a German problem, Czech Interior Minister Jan Ruml says in an interview published today by the Czech daily RUDE PRAVO.

After all, a majority or a major part of refugees cross over to Germany from the Czech Republic. Thus we cannot renounce our responsibility, the minister adds.

Ruml believes that the Central European countries should conclude multilateral treaties with Germany dealing with the refugee problem and says a meeting of six interior ministers will take place in Prague shortly.

We want to know whether it is possible, and under which circumstances to conclude a multilateral treaty on the return of refugees and on the method of their transport. If we do not succeed, we have other options. There are always bilateral agreements which are mutually interlinked, Ruml says.

At a recent meeting in held Budapest German Interior Minister Rudolf Seiters discussed the possibility of a multilateral treaty. We believed that Germany has not yet abandoned its (bilateral treaty) position but is weighing all possible alternatives and maybe would come to a conclusion that this alternative is more feasible than any other, Ruml says.

I am somewhat flustered by the stand of other West European countries which helped put this burden on Germany's shoulders and are now acting unconcerned. At the same time they also ignore all countries lying east of Germany, the minister says.

Ruml stresses that the refugee talks with Germany are not being conducted in a confrontational spirit since it is not important to obtain concessions but reach an agreement. However, Ruml says it is important to find out if a common will exists among all concerned to agree on a multilateral solution.

The Budapest meeting recommended that special mobile security troops are assigned to supplement border police. The Czech Republic will certainly introduce such units, Ruml says. However, the Czech Republic also lacks an information center dealing with migration and alien control in general. That center, according to the minister will be established and put directly under the Interior Ministry not police jurisdiction.

Other steps which must be taken, Ruml says, are of legislative nature. Laws must be passed, for instance to allow asylum proceedings to start immediately at the border, to impose stiffer sentences for alien smuggling or counterfeiting identification documents.

We must start to consider strengthening control on our border with Slovakia. We do not want another iron curtain, we are looking to cooperation, so more refugees could be turned back on the Slovak-Hungarian border before they reach the Czech-Slovak border.

The minister says it is very difficult for him to reimpose visa requirements for problem countries since the foreign ministry wants more unrestricted travel and the premier assumes a neutral stand in a dispute between the two ministries. Perhaps, a compromise on the requirements can be reached by the government soon anyway, Ruml adds.

There are currently 450,000 refugees in Germany most of whom will have to go back one day and many via the Czech Republic. To prevent them from remaining or dawdling in the Czech Republic, Ruml stressed that is why the multilateral treaties are needed. Refugees must be transported across frontiers back to their native country as smoothly as possible.

### Ministry Explains Role in Arms Cache Discovery

*AU0103154793 Prague CTK in English 1211 GMT 25 Feb 93*

[Text] Prague, Feb 24 (CTK)—The Czech Interior Ministry held a briefing today explaining its role in the seizure last week in separate raids of 2,500 machine guns.

Ministry Spokesman Jiri Subert said that at the beginning of December 1992, the ministry discovered that the Real company had some 1,000 SA-58 machine guns that it intended to sell. The ministry sent a letter to the company, advising it to halt its sales since it was not quite clear to what extent the weapons were nonoperational. Upon further inquiry at the factory where the weapons were originally made, and additional examination by experts, it was determined that the machine guns were nonoperational. The ministry then dropped the case, transferring it to the Czech Police, Subert said.

When police raids uncovered weapons caches this week, they were traced to two companies, Efrata and Real. Subert explained that the two companies would once again be investigated, as it was not clear whether they had the proper permits to sell the weapons in the first place. He also said that the nonoperational weapons seized did not conform to all the regulations on disarming weapons for civilian use, and still could be fired for military exercises, which would make their sale on the open market in violation of the law.

### Kovac Inaugurated as Slovakia's First President

*LD0203112493 Prague CTK in English 1031 GMT 2 Mar 93*

[Text] Bratislava, Mar 2 (CTK)—Michal Kovac was inaugurated as president of the Slovak Republic shortly after 11:00 a.m. today, when he took the oath of office at a session of the National Council of the Slovak Republic. Kovac was elected president by the Slovak Parliament February 15 in the second round of voting.

### Meciar Hails Inauguration

*LD0203111493 Prague CTK in English 1038 GMT 2 Mar 93*

[Text] Bratislava, Mar 2 (CTK)—Slovak Premier Vladimir Meciar said today that he feels great joy that with the inauguration of the first Slovak president today Slovakia's statehood will be accomplished. At a meeting with the presidents of the Czech Republic, Austria and Poland—Vaclav Havel, Thomas Klestil and Lech Walesa respectively—which took place in Bratislava's Borik Hotel shortly before the inauguration, Meciar said that his presidential powers would come to an end in a few minutes.

He emphasised that Czechoslovakia's division into independent the Czech and Slovak Republics was accomplished in a peaceful manner and added that Slovakia wants to preserve peace in the Central European region. The Slovak Republic does not want to have any enemies, Meciar stressed.

### Gasparovic Comments on Inauguration

*LD0203120793 Prague CTK in English 1103 GMT 2 Mar 93*

[Text] Bratislava, March 2 (CTK)—The democratic election of the Slovak president has for the first time in history fulfilled the free will of the inhabitants of an independent Slovakia, Slovak Parliament Chairman Ivan Gasparovic said at the inauguration of Slovak President Michal Kovac today.

Gasparovic said that the president should be a guarantor of observance of the constitution and the law, and that he should act as an integrating figure in relation to political parties by his nonpartisan, just and objective approach to them with a sole aim—to serve the interests and needs of the Slovak Republic.

Gasparovic noted that the election of the president completes the structure of the legislative and executive power. He emphasised the importance of cooperation between the National Council of the Slovak Republic (parliament), the president and the government, which will be decisive not only for the political stability of society but also for the quality of legislative norms.

The activity and behaviour of the president will be watched with great interest not only by the citizens of the Slovak Republic, but literally by the whole world. The more so in that he is the first Slovak president to assume his position after free and democratic elections and after historic changes in all of Europe, in a sovereign and independent Slovak state, Gasparovic said.

### Kovac Says Country Not In 'Political Crisis'

*AU0203110993 Vienna DIE PRESSE in German 2 Mar 93 p 10*

[Interview with President Michal Kovac by Karl-Peter Schwarz in Bratislava; date not given: "We Entered a New Era Without a Complete Program"]

[Text] [Schwarz] Mr. President, a sigh of relief could be felt in Slovakia after your election. Many people now expect that you will be able to lead the country out of the political crisis.

[Kovac] I would not say that we are in a political crisis. I have the feeling that we are now at the beginning of a new era and, therefore, have to seek dialogue with all political forces.

One could speak of a political crisis if there were no longer a basis for talks between the government party and the opposition parties. As president, I perceive it as one of my duties to initiate such talks on political and economic issues.

[Schwarz] The opposition parties that supported you immediately said that they did not want to support the government.

[Kovac] First, one has to look closely at what the Slovak National Party (SNS) and the Party of the Democratic Left (SDL) criticize the government's policy. The SDL has called for an account on what has so far been fulfilled of the government program, and would like to participate in devising a new program. It has also demanded that personalities of its parties are appointed into responsible positions, and that a public debate precedes any appointment of an office.

In other words, it wants to divide political power, and it does not want to see members of the governing Movement for a Democratic Slovakia (HZDS) at the head of the Administrative and Constitutional Court.

The SNS, in turn, has called for regular consultations with the HZDS and is backing my initiative to hold multiparty talks. Like the SDL, the SNS also insists on appointing personalities that do not belong to the HZDS to important positions and only after party consultations.

In my view, all these demands can be fulfilled. I am currently working at such a report for the prime minister, a report that includes a summary of my consultations so far.

[Schwarz] Slovak independence has not only increased the tension between the parties but even within the HZDS.

[Kovac] I have appealed to national solidarity. The Slovak state was born only a few weeks ago. The government

program did not provide for the emergence of an independent Slovak state as of 1 January. All of us, government and opposition alike, entered this new era without a complete program.

Moreover, we carried out several essential changes simultaneously. First, we set up an independent budget for the Slovak Republic, we devised a new tax and a new social insurance system, and we reorganized economic relations with the Czech Republic.

This accumulation of problems has created insecurity. In many cases, the citizens do not know what they can ask of whom. The difficulties are understandable, and all one can criticize the government for is that it carried out so many vital changes in the system at the same time. It might have been better to implement the new tax system only as of 1 July, and the new insurance system not before January 1994.

Still, what happened has happened. For the sake of fairness one has to differentiate between where the government made mistakes and where side-effects of the change of the system have simply been inevitable.

[Schwarz] Was the decision to divide the CSFR not rushed?

[Kovac] Yes. Our program did not provide for a completely independent republic but for a confederation. We wanted international recognition but we wanted to maintain the integrated economic area. We then had to accept that our partner had different ideas.

[Schwarz] The relationship between the two republics has deteriorated. Monetary union has fallen through, the borders are being strengthened. Are you planning to initiate measures to improve relations along with Czech President Vaclav Havel?

[Kovac] Of course, in the sphere of bilateral relations, but also by influencing the state bureaucracies in the two countries. I have the impression that the Czech bureaucracy in particular tends to go too far too quickly in many spheres.

There is an inconsistency between what Prime Minister Vaclav Klaus, his Civic Democratic Party and some ministers of the coalition parties really mean and what the second and third level is doing in the administration. These would like to see Slovakia at a disadvantage to prove to their citizens and the world that Slovakia has so far mainly been financed by the Czech Republic. This is why they are pressing for a devaluation of the Slovak koruna, while maybe they are preparing to revalue their own currency.

The arguments with which Klaus was forced to initiate negotiations for the dissolution of monetary union were also artificial. Our banking specialists showed me statistics that show a rapid decrease in foreign currency. After the division, the foreign currency reserves of the Czech national bank quickly increased again.

This confirms my suspicion that the difficulties were artificially induced, difficulties that have naturally also affected the Czech Republic.

[Schwarz] Experts of the International Monetary Fund, the economics ministers of the Slovak Government and some Slovak national economists also believe that revaluation is necessary. Is it not political reasons rather than economic ones that speak against it?

[Kovac] It is not a question of prestige, but it is a matter of differing economic analyses. The opponents to devaluation say that Slovakia is exporting anything it is able to sell even at the current rate. Thus, one must take steps to reduce imports. If we intervene here, it does not mean that we are deviating from the market economy course.

Still, there is yet another issue. Many countries that are richer than Slovakia have foreign debts because it is a means of creating upswing. Why should we be an exception? Take Hungary and Poland, for example, both of which have high debts. We have much fewer debts and yet we are expected to present an even balance of payments at the end of the year.

[Schwarz] So you prefer debts and inflation to an economic downswing?

[Kovac] If we were to devalue our currency now, we would make imports more expensive, imports that we badly need to modernize our industry. We can reduce imports of foods and consumer goods because we are able to produce a lot ourselves, but not capital goods, which must not be too expensive.

[Schwarz] Are you now the president of all Slovaks...?

[Kovac] I am the president of all citizens of Slovakia.

[Schwarz] Thus, you also face the task of improving the relationship with the national minorities, particularly the Hungarian one.

[Kovac] I think that the representatives of the Hungarian minority presented their demands at the worst possible moment. I promised the representatives of the Hungarian parties that their proposals would be put up for discussion in serious political negotiations. A constitutional law on settling the minority issue cannot be implemented without a compromise.

After all, the deputies who do not belong to a minority only wish the Hungarians harm. They have their ideas about European standards on minority issues. Nor can one blame them for being interested in the situation of the Slovak minority in Hungary.

I am of the opinion that experts of the various parties must sit down at one table until they find a solution that is acceptable for both sides. That is what I really want to achieve, and I am hoping that it will not take as long as it did in South Tirol.

### Hungary-Slovakia Sign Trade, Payments Agreement

*LD0103200393 Budapest MTI in English 1711 GMT 1 Mar 93*

[Text] Dudince, March 1 (MTI)—Hungary and Slovakia concluded a trade and payments agreement at Dudince, Slovakia, on Monday [1 March], the day when the Visegrad free trade agreement also took effect.

Hungarian International Economic Relations Minister Bela Kadar and Slovak Economics Minister Ludovit Cernak signed the document.

The sides agreed to let trade be governed by the rules of the world market and the Visegrad agreement on mutual concessions and trade liberalisation in East Europe. The agreement is meant to provide an international legal framework for the development of two-way trade and new forms of cooperation and investment.

After the signing, Cernak told the press that, after Austria, Hungary was the second country to conclude an agreement of this kind with the Slovak Republic. Kadar said the agreement was a milestone in the development of Hungarian-Slovak economic ties.

At present, Slovakia has 1.6 per cent of Hungarian foreign trade. Hungary is Slovakia's fifth biggest trading partner with 4.6 per cent of Slovak trade.

The two ministers pressed for new talks on cooperation in the energy sector, environmental protection, and transport.

### Foreign Minister Knazko's Visit to Geneva Cancelled

*LD0103205093 Prague CTK in English 1738 GMT 1 Mar 93*

[Text] Bratislava, March 1 (CTK)—The Slovak Government today approved a visit to Geneva and Brussels by Jan Lisuch, state secretary in the Slovak Foreign Ministry, although originally it was planned by Foreign Minister Milan Knazko.

Slovak Government spokesman Bohuslav Geci told journalists that during the visit in the second week of March, Lisuch will attend an international conference on the observance of human rights and the rights of minorities in Geneva, and meet with NATO Secretary General Manfred Woerner in Brussels on March 9.

Asked by journalists why Knazko will not go to Geneva, Slovak Premier Vladimir Meciar said that in the middle of debate on this issue, Knazko left the room saying he did not feel well. This was also confirmed by Geci.

According to him, the Slovak Government has not yet discussed a possible proposal for the Slovak president to dismiss Knazko as foreign minister.

This depends on the premier. If he so decides, he will submit this proposal himself, Geci said.

On February 25, Knazko told a press conference he would soon visit the Geneva-based U.N. Human Rights Commission and travel to Brussels for a meeting with ministers from the countries of the Visegrad group, made up of the Czech and Slovak Republics, Hungary and Poland, and the European Community (EC).

At the end of January, Meciar accused Knazko of breaking party discipline for encouraging members of the ruling Movement for a Democratic Slovakia (HZDS) not to vote for the HZDS candidate for Slovak president on January 26.

At an extraordinary session of the HZDS leadership on February 6, Meciar called on Knazko to resign his post as foreign minister.

### NRSR Chairman Criticizes Hungarian Deputy

*AU0103084293 Bratislava NARODNA OBRODA in Slovak 23 Feb 93 p*

[TA SR report: "A Mission That Was Not Properly Understood"]

[Text] Bratislava—I. Gasparovic, chairman of the National Council of the Slovak Republic [NRSR], has described as very improper the behavior of Deputy P. Csaky (Hungarian Christian Democratic Movement—Eguytteles, Spoluzitie, Coexistence movement), who during a recent visit by an NRSR delegation to the European Parliament in Strasbourg, handed its president, E. Klepsch, certain documents, the contents of which was unknown to other members of the delegation.

In yesterday afternoon's broadcast of Radiozurnal on the visit of the NRSR delegation to a meeting of the European Parliament he said that this was a parliamentary delegation, not a party delegation. If P. Csaky thought that he was a representative of Hungarian parties, then he was very wrong. "I do not want to say that P. Csaky had no right to act as a member of his coalition, if he was given that task. The problem is that he provided undisclosed written information, and the other delegation members could not respond to it. This means that this information was false and unobjective, and the entire delegation has condemned his action and is still condemning it today," I. Gasparovic said.

The parliament chairman also reacted to the 21 February phone call by V. Bugar (Hungarian Christian Democratic Movement—Egyutteles, Coexistence Movement) to the "Aktuality" television program, according to which he phoned Bratislava on 9 February and initiated a meeting of the immunity and mandate committee of the NRSR. I. Gasparovic described V. Bugar's statement as false.

### Hungarian Movement Outlines Grievances

*AU0103084493 Bratislava PRAVDA in Slovak 24 Feb 93 p 2*

[Unattributed report: "Hungarian Christian Democratic Movement Memorandum on Problems Facing the Hungarian Minority"]

[Text] TA SR yesterday published the text of a Hungarian Christian Democratic Movement [MKDH] memorandum that National Council of the Slovak Republic [NR SR] Deputy Pavol Csaky submitted to the European Parliament in Strasbourg during a visit by an NR SR delegation led by chairman Ivan Gasparovic on 10-11 February. We have selected from it the following substantial extract:

(...)

The problems and suggested solutions:

1. As a result of assimilation, the relative number of Hungarians living in Slovakia is declining. The percentage of Hungarians in Slovakia in 1961 was 12.4 percent, in 1970 it was 12.2 percent, in 1980 it was 11.2 percent, and in 1991 it was 10.8 percent.

Solution: Introduce a policy of positive discrimination, ensure legal guarantees, and promote a sense of being at home.

2. Extremist and frequently antiminority attitudes, attacks by the press, statements by irresponsible Slovak politicians containing antiminority charges, and casting doubts on the authority of the minorities' representatives.

Solution: Democratize the Slovak Republic and positive foreign examples and influences.

3. Changes in the ethnic composition of southern Slovak cities.

**Examples: (the proportion of Hungarian inhabitants is expressed in percentages)**

| District | 1970 | 1980 | 1991 |
|---|---|---|---|
| Bratislava | 5.2 | 4.9 | 4.4 |
| Dunajska Streda | 89.0 | 87.9 | 87.2 |
| Levice | 35.7 | 33.1 | 31.6 |
| Velky Krtis | 35.1 | 31.7 | 30.8 |
| Trebisov | 40.9 | 38.9 | 39.3 |

Solution: Take ethnic interests into consideration within the framework of the new territorial arrangement; increase decentralization and regionalism.

4. The low number of ethnic Hungarians among high school and university graduates:

The Slovak average is 37 per 1,000 inhabitants;

The Hungarian minority average is 16 per 1,000 inhabitants.

(...)

**The following is the number of ethnic Hungarian high school and university students expressed in percentages:**

| School year: | 59/60 | 68/69 | 75/76 | 90/91 |
|---|---|---|---|---|
| Percentage | 5.2 | 4.0 | 4.2 | 4.9 |

Solution: Self-administration in education and establish a Hungarian university.

5. A shortage of clergy; the aging of the Roman Catholic clergy.

Solution: Establish Hungarian bishoprics and train priests whose mother tongue is Hungarian.

6. The absence of a body to manage Hungarian-language schools; a shortage of teachers; approximately 40,000 ethnic Hungarian children attend Slovak-language schools.

Solution: Self-administration in the schools sector; reopen schools for mixed age groups.

7. Problems in our cultural institutions; in proportion to their number, they receive nominal state support. The decisions made by state bureaucracy do not always take their interests into consideration.

Solution: Cultural self-administration and decentralize the decisionmaking mechanism.

8. The Slovak Republic Constitution does not perceive the ethnic minorities as state-forming factors, but as potentially unreliable elements. It only partially contains the rights we have asked for.

Solution: Amend the Constitution—the MKDH is drafting a proposal for this.

9. During the years 1945-48, and on the basis of the principle of collective guilt, the Hungarian and German ethnic minorities were deprived of their fundamental civil rights, and certain discriminatory measures were implemented against them. To this day, the illegality of these measures has not been rectified; the limit for the Czech-Slovak rehabilitation laws is 25 February 1948.

Solution: Extend rehabilitation to 15 March 1945; abolish the principle of collective guilt—viz. the proposals drafted by Dr. Kalman Janics and Dr. Jozsef Princzkel.

10. The implementation of discriminatory laws (the language law), the arbitrary implementation of this law in practice, the absence of legal guarantees, and anti-Hungarian deformation of the Slovak national consciousness.

Solution: Establish institutions appropriate to a law-governed state; implement laws to protect the minorities.

11. The refusal to carry out ceremonies (weddings, funerals) in the minority's language; the refusal to register family names and first names of minority people; the transcription of historical Hungarian names on the basis of the Rules of Slovak Orthography published by the Slovak Academy of Sciences.

Solution: Protect the identities minorities; cultural self-administration.

12. The absence of regulations governing the bilingual designation of the names of communities and streets in areas inhabited by ethnic minorities.

Solution: Introduce partial bilingualism in areas inhabited by ethnic minorities.

13. The absence of regulations governing bilingualism in health care in areas inhabited by ethnic minorities.

Solution: Introduce partial bilingualism in areas inhabited by ethnic minorities.

14. The absence of a legal amendment to the status of minorities.

Solution: Adopt a comprehensive law on minorities.

Bratislava, October 1992.

### Editorial Views U.S. Airdrops

*AU0103194793 Budapest MAGYAR HIRLAP in Hungarian 24 Feb 93 p 7*

[Editorial by Gyorgy Fodor: "Instead of a Quarantine"]

[Text] Bill Clinton found an excellent way to show how it is possible to override the blockade and boycott in Little Yugoslavia: Let us drop humanitarian aid with parachutes to the closed areas. In the next phase, when the borders are eventually closed on the Danube River, the seas, and the public roads, the warring sides will be throwing armaments and ammunition—mixed with food and medicine—to their brethren.

On 23 February, the Hungarian Foreign Ministry's spokesman said that U.S. State Secretary Christopher had informed his Hungarian colleague on the U.S. proposals on solving the South Slav crisis. Unfortunately, the details were not mentioned. From the spokesman's statement—saying that, rather than supporting certain new sanctions, Budapest urges compliance with the existing ones—we can conclude that, in addition to the parachuting action, Washington would like to achieve more strictness in the sanctions.

As for the parachuting, it is a pseudoaction that lacks seriousness. On 23 February, a Pentagon expert also admitted that it is impossible to stop the hunger and struggle, and especially the war with parcels thrown down from a high altitude. For want of a better solution, Clinton wants to allow parachutes to descend because he is very worried about an active land and airial intervention.

Karadzic, leader of the Bosnian Serbs, is only smiling: "If this is the way the U.S. taxpayers want to throw away (literally) their money, then so be it."

We also have the matter of sanctions which Hungary originally approved. If we correctly understand the U.S. intentions, the former Yugoslavia has to be hermetically sealed off from the outside world. This way, behind the walls of the perfect economic blockade, Serbs, Muslims, and Croatians could carry on killing each other undisturbed while the outside world could keep making new decisions on courts that will investigate the war crimes and it could throw its packages of compassion into the wilderness. Let us put the South Slav crisis into a quarantine where they can do what they want!

Now even Budapest recognized that sanctions are not the most effective, and certainly not the fastest, way of stopping a war. It is also known by everyone that it is not Seselj [Serbian Radical Party leader], Karadzic [Serbian republic of Bosnia-Hercegovina president], or Milosevic [Serbian president] who have to go without food, and not even the armed men.

If Budapest does not agree to freezing the transit, telecommunications, and passenger transport, then it might be condemned for its inconsistency, but this would actually be beneficial to the country.

Parliament is in the process of discussing security policy principles and the concept on the army. It seems that it is not enough that we do not have an enemy image and that we only want to defend ourselves. It seems that, in this part of Europe, instead of a simple passive security policy, well-meaning and active initiatives are needed, together with other neighbors of the former Yugoslavia. Whichever way Budapest votes in New York, it might still have a better idea than Bill Clinton's parachutes.

### Romanian Ethnic Hungarian Leaders Meet Goncz

*AU0103155193 Budapest MTI in English 1608 GMT 26 Feb 93*

[Text] Budapest, 26 February (MTI)—"We should not give advice to Hungarians living outside Hungary, but we could ask them what sort of assistance and support they would like," Hungarian President Arpad Goncz said in his meeting with leaders of the Hungarian Democratic Union of Romania [RMDSZ—UDMR in Hungarian] in Budapest on Friday [26 February].

In the course of informal discussions with RMDSZ Honorary President Laszlo Tokes, Presbyterian bishop of Oradea, RMDSZ Federal President Bela Marko, and Acting President Csaba Takacs, President Goncz said the Hungarian Democratic Union of Romania had a major role: Hungarians in Romania took their lives into their own hands after 1989's Romanian change, becoming a major political factor.

Goncz said Hungary can best help Hungarians living beyond its borders, including Hungarians in Romania, by building a country with a balanced foreign and home policy, so as to assist the minorities in the international arena with more credibility.

Cultural relations between Hungarians in Romania and the mother country could be a model for fruitful economic links. Regular meetings with representatives of Hungarians living beyond the border, and their organisations, would be very important.

### Meet Prime Minister Antall

*AU0103160493 Budapest MTI in English 1647 GMT 26 Feb 93*

[Text] Budapest, 26 February (MTI)—Hungarian-Romanian ties and cultural, economic, educational, scientific, and church issues for ethnic Hungarians in Romania were the theme of talks between Hungarian Prime Minister Jozsef Antall and leaders of the Democratic Federation of Hungarians in Romania [RMDSZ—UDMR in Romanian] on Friday [26 Febryary].

At the talks with RMDSZ Honorary Chairman Laszlo Tokes, Chairman Bela Marko, and Managing Chairman Csaba Takacs, Antall confirmed that hungary, in compliance with its Constitution, feels responsible for ethnic Hungarians. Also, he cited the Constitution saying that national and ethnic minorities living in Hungary share the nation's power: They are state-forming factors.

### Croatia To Cooperate With Hungary on Minority Affairs

*AU0103160293 Budapest MTI in English 1918 GMT 26 Feb 93*

[Text] Budapest, 26 February (MTI)—Croatia and Hungary hold similar views on the South Slav crisis, on settling the conflict in Bosnia, and on prolonging the UNPROFOR mandate, it turned out at talks held by croat Deputy Foreign Minister Ivo Sanader on Friday [26 February].

Sanader visited Hungary at the invitation of Foreign Affairs State Secretary Andras Kelemen.

At the talks, the sides called for closer bilateral economic ties, particularly transport and services cooperation.

They agreed to cooperate in minority affairs, prepare an interstate agreement on minorities, and continue the work of a joint minority affairs committee.

The status of ethnic croats in Hungary was felt to be good. They agreed that Croatia must take further steps to help ethnic Hungarians from Croatia forced to take refuge in Hungary.

### Jeszenszky Concerned With Russian Policy in Balkans

*LD0103212493 Budapest MTI in English 1910 GMT 1 Mar 93*

[Text] Rome, March 1 (MTI)—In an interview carried by the latest issue of the Italian weekly L'ESPRESSO, Hungarian Foreign Minister Geza Jeszenszky expressed concern over what he termed attempts by Russia, or at least Russian politicians, to regain influence in the Balkans, a move bound to exacerbate ethnic tension.

Although Yeltsin has obviously lost his communist outlook, the minister said, his opponents want to cause him difficulties in foreign policy, making Russian foreign policy often unpredictable.

Jeszenszky said the Hungarian communities of Vojvodina, Romania and Slovakia, deprived of some of their fundamental rights, sought to become citizens with equal rights in their countries.

Asked if the West could put an end to war in Yugoslavia, the Hungarian foreign minister saw no chance of massive military intervention. But he added that the West's inability would put its prestige at stake. He said there were some good ideas for guaranteeing minority rights even for Serbian communities outside Serbia. But it would remain to be seen how these ideas could translate into reality, Jeszenszky said.

### Impact of Central Europe Free Trade Agreement

*LD0103213393 Budapest MTV Television Network in Hungarian 1900 GMT 1 Mar 93*

[Excerpts] The Central European free trade agreement took effect from today. According to this, 60 percent of Hungarian industrial products can be exported duty free to Poland and 54 percent to the Czech Republic and Slovakia. The favorable treatment affects nearly 25 percent of agricultural exports. [passage omitted] It is a coincidence but today the Visegrad free trade agreement also comes into effect, according to which a significant proportion of customs between the two countries will be dismantled. Although for us Slovakia is strategically an important trading partner, the trade in goods is very low; the trade which virtually withered away just started to grow again last year. Specially noteworthy is the appearance of our entrepreneurs; so far nearly 280 joint ventures have been set up with Hungarian participation. Both partners expect a lot from this agreement, saying that the shadow of the Gabcikovo power station cannot influence the deepening of economic relations, which is of common interest. [passage omitted]

### Unemployment Continues To Increase

*AU2602111193 Budapest MTI in English 1428 GMT 24 Feb 93*

[Text] Budapest, 24 Feb (MTI)—The number of jobless rose 30,000 last month according to National Labour Centre figures. Registered unemployed now number 693,983, or 13.3 percent, of the active workforce.

Unemployment is highest, 23 percent, in eastern Szabolcs-Szatmar-Bereg county. Budapest registered the lowest rate at 6.4 percent.

Other counties registered unemployment rates as follows: in the north, Nograd (21.7) and Borsod-Abauj-Zemplen (20.3), in central Hungary, Jasz-Nagykun-Szolnok (18.1), and in the west, Gyor-Moson-Sopron (8.3), Vas (9.1) and Zala (10.4).

In January 534,000 people received unemployment benefits. Yet, an estimated 160,000 people received no benefits. However, about 50,000 ineligible for unemployment benefits can now apply for a monthly allowance of HUF 4,800 (USD [U.S. dollars] 56) from local governments.

Unemployment benefits last for up to one year and are expected to expire for 200,000 to 300,000 people by year end.

## Liberal Leader on Suchocka for President

*WS0203101393 Warsaw Radio Zet in Polish 0715 GMT 24 Feb 93*

[Studio interview with Andrzej Urbanski, vice chairman of the PPL (Polish Liberal Program) Sejm club by Andrzej Wojciechowski; from the Guest of "Radio Zet" program—live]

[Text] [Wojciechowski] Guest of Radio Zet today is Andrzej Urbanski, deputy chairman of the PPL legislative club. When, if ever, will the early presidential and legislative elections take place in Poland?

[Urbanski] Unfortunately, a great threat exists. However, I think that it will not happen before next spring or summer. This threat is generated by three reasons: First, key political forces are increasingly losing their interest in maintaining the status quo. The president's latest declarations have exhibited similar tendencies. Despite good intentions, the government is not capable of stabilizing the balance of political forces. The situation within the coalition is a prime example of this. The third reason is the legislature.

[Wojciechowski] What do you mean by the balance of political forces? Is this the situation in the Sejm or feelings prevailing among the electorate?

[Urbanski] I think that this is the result of interaction between these two elements. On the one hand, this balance is formed by radical agitators and the enemies of the president such as Kaczynski, who is accompanied by marching crowds. These sentiments, which are an important part of the balance are shared by five to 10 percent of the society. There is also an estimated 10 percent of the centrists, who believe in reforms even if they have not benefited from them. The parties that reflect those feelings include the Democratic Union, the party that I belong to—the PPL, and the Polish Convention. Finally, there are forces based on the certain traditionalism that makes them perceive the state as a huge social fund which is obliged to take care of ordinary people. Such notion is advocated by parties like the PSL [Polish Peasant Party], SLD [Democratic Leftist Party], and the Labor Union.

[Wojciechowski] Who are those radical 5-6 percent that represent the electorate of the PC [Central Accord]?

[Urbanski] Latest opinion polls have shown that the PC has retained one fourth of its former electorate. I should be pleased because I had not realized that so many people left the party with me. Unfortunately, it seems that these people were replaced by the former electorate of Stan Tyminski and those who became disenchanted with the radicalism of Leszek Moczulski, moderated by the encounter with the legislature. Members of Solidarity-80, led by Kornel Morawiecki, could also be added to the list. They have always questioned the way that Poland entered democracy because there was no Big Bang or a Great Day of Victory over the defeated commies.

[Wojciechowski] In every society, there is always 5-6 percent of radical voters. Is it not a good thing that these radicals are led by Kaczynski and not by Tyminski [1990 presidential candidate and leader of Party X]?

[Urbanski] Of course, this is definitely a good thing. One should also keep in mind that Jarek Kaczynski, with all of his talents, has another talent that lies in the fact that instead of being carried away by the crowd, he is able to thrust a certain political behavior upon it. This behavior complies to some extent with the rules of democracy. It is a big success that dissatisfied people are headed by Kaczynski and not Tyminski, Lepper [leader of radical peasant organization], or someone who is even more dangerous.

[Wojciechowski] The PC and the parties allied with Kaczynski have recently launched an antipresidential campaign. Such an initiative can only be successful when Poland has other presidential candidates. Do you know any individuals strong enough to take on Walesa in the early elections?

[Urbanski] No, I do not. For me, the only such individual is Prime Minister Hanna Suchocka, who emerged on the political scene so suddenly and succeeded at the helm of a very difficult government. I see no candidate on the other side of the spectrum, where Kaczynski has placed his hopes. This is one of the weaknesses of his political offensive.

[Wojciechowski] The Suchocka-led coalition appears to be losing its momentum lately. These might be only appearances brought on by the latest Sejm votes, when the ZChN turned against the coalition. Is it actually getting weak?

[Urbanski] Yes, it is and not only because of the ZChN [National Christian Union]. The weakening has been set off by the split in the Solidarity legislative club. It was obvious to every politician that this must happen. Solidarity could not play a central role, because it represents narrow party interests. Politicians try to console themselves by attempting to explain away the crisis within the party against the backdrop of the upcoming ZChN convention. I think that this is a flimsy explanation. At this point, we are dealing with a minority government, and the vote in the legislature has proven it. However, I believe that if she displays enough courage, the prime minister stands a good chance of expanding the coalition, and with the help of any legislative component. Obviously, she will have to pay a certain price, but that is the way politics work. Wlodzimierz Frasyniuk proposed that this should be done by accepting the SLD. This is a terrible idea, unacceptable for part of the coalition. But you should also remember that this may be the last chance to ensure that the SLD enters the next elections as a party, which has already been exposed to power and disclosed its political position. As for the PSL,

this is a party that, as everyone knows, has problems with keeping its commitments. At the same time, this party stabilizes the situation in the rural area, even if this stabilization is performed through the old structures. The KPN [Confederation for an Independent Poland], which becomes infuriated by the budget issue, is able to abandon all of its crazy ideas and to concentrate on issues of state importance, when it comes to the possibility of entering the government. Finally, there is the RdR [Movement for the Republic], headed by [former] Prime Minister Olszewski. This party, whose behavior has been very, I would say, calm lately and marred only by some personal animosities, tries to maintain the political stability.

[Wojciechowski] You have just mentioned the need to expand the coalition at the expense of any other party. Over the past two days, some media were reporting rumors about the RdR's possible participation in the coalition. How likely is this? On what conditions?

[Urbanski] This idea is advocated by the ZChN, PL [Peasant Accord], and maybe partly by the Polish Convention. I do not know whether the RdR itself is willing to accept it. I suspect that this party will ultimately face a dramatic choice. It must either nominate Jan Olszewski as a rival to Lech Walesa in the race for the presidency, or to enter the present government in order to preserve the legislature, and to stabilize the situation. If it fails to make this strategic choice, RdR's participation in the coalition will not be possible. It may pay dearly for this.

[Wojciechowski] What will happen in Poland if the coalition is not expanded soon? May Suchocka's government accidentally collapse as the result of one of the next votes in the legislature?

[Urbanski] Not accidentally, if ever. In about six months—and this is very sad news—the budget will be subject to be amended. This may be the first warning to the government, because a defeat on this issue would mean its demise. There may be unexpected votes, like the one of no confidence in minister Janusz Lewandowski, that is likely to take place during this session. If it is passed—I knock on wood— the government will face a dramatic situation of losing its ministers. This is an extremely important matter. It is not so much about Janusz Lewandowski as it is about the vital issue of privatization. This is the last element of the first stage of our reform that we have not yet finished. All of the Western institutions keep pressing for mass privatization in this country, which is already under way in Czechoslovakia, Hungary, and even in Russia. If this process is not launched, the government will fail to accomplish one of its fundamental tasks.

[Wojciechowski] Where do the problems connected with privatization originate? Why are the Poles so reluctant to accept it?

[Urbanski] I am not so sure whether the Poles are reluctant to privatize. The surveys on privatization, conducted since 1986, report on the increase in the approval rate. Public opinion in favor of privatization has grown from several to several dozen percent. Unfortunately, political games can significantly spoil the picture. The situation will change dramatically as soon as private enterprises will account for more than 50 percent of the Polish economy. If we manage to exceed this magic number, we can make a transition to real capitalism.

[Wojciechowski] When the PPL was about to enter the coalition, the word was out that Urbanski, Przybylowicz, Orzel, and Zalewski would soon become ministers. When will this happen?

[Urbanski] Oh, no. People just thought that we acted according to the rule that you do not mean what you say. This is not my style of conducting politics. We left the PC in order to stop marching with the crowd. The PC has always been torn by arguments about what should be done first: decommunization or the review of files. I spoke out for the latter. Economic issues were always central to our interests and concerns. In this regard, the figure of Jerzy Eysmontt in the Olszewski's government is symbolic, because he kept the reforms going. This is the contribution to the coalition that we wanted to make. We were not after high positions.

[Wojciechowski] Mr. Eysmontt has not appeared in public lately. What is he doing?

[Urbanski] Jerzy Eysmontt and many of our friends have recently been busy forming the federation for development, a nonpolitical institution comprising of about 200 Sejm deputies, government members, businessmen, professors, and public figures who want to create a think tank concentrating on fundamental issues without applying any haphazard politics. Unfortunately, there is too much of destructive haphazard politics in Poland right now.

[Wojciechowski] What does the PPL represent today? Is it a political party, a faction of liberals, or a legislative club? Does it have a plan for the future?

[Urbanski] It is a legislative club which embraces factions from the Liberal Congress and the Polish Economic Program. In my opinion, the PPL is a liberal centrist formation, extremely necessary for Poland. We need a broad political institution or political force, but not a party, that would underscore the role of modernization, privatization, and the economic integration with Europe. We believe that it can succeed in Poland. It should also be appreciated for its ability to conclude a compromise. The fact that we are able to sustain the coalition with the ZChN and the PL serves as proof that it is possible to cooperate with many forces in Poland without losing one's identity.

### Left's Miller To Face Charges in CPSU Loan Affair

*AU0103140993 Warsaw PAP in English 1850 GMT 24 Feb 93*

[Text] Warsaw, Feb 24—The deputy public prosecutor general has filed a motion with the Sejm speaker asking the chamber to strip Deputy Leszek Miller (Democratic Left Alliance) of his parliamentary immunity. The prosecutor wants to charge Miller with complicity in a financial affair involving the now-defunct Soviet Communist Party and the Polish Communist Party, PZPR [Polish United Workers Party].

According to the findings of an investigation conducted by the provincial prosecutor's office in Warsaw, the Soviet Communists made a loan to the Polish Communists (amounting to $1.2 million) shortly before their final congress, after which the PZPR ceased to exist.

According to the prosecutor's office, Miller, a former PZPR official, was a go-between when the Polish party returned a part of the loan several months later.

Miller, now the secretary general of the Social Democracy of the Republic of Poland, told PAP he looked forward to be able to address the Sejm on the matter.

### PC Official Arrested for Alleged Bribery

*LD2602232893 Warsaw PAP in English 1924 GMT 26 Feb 93*

[Text] Warsaw, Feb 26—Wojciech Dobrzynski, director of the parliamentary office of the Centre Alliance (PC), was arrested on Friday [26 February] over his alleged receipt of a bribe, the Warsaw Prosecutor's Office and the State Protection Office (UOP) announced in a joint communique.

According to the communique, Dobrzynski, who was detained by UOP Thursday evening, is accused of demanding 4 billion zlotys ($250,000) and receiving a payment of 1.5 billion zlotys ($95,000) from the president and the director of a company seeking his help in obtaining a fuel-trading licence from the government.

UOP spokeswoman Irena Popoff refused to name the company or to say when the bribery took place. She explained the UOP involvement in the case with the fact that it is linked with the "strategic materials" trade. Meanwhile, UOP deputy head Jerzy Nozka said later on Friday the bribery took place in the first half of 1992 and added the company in question eventually got the licence. According to unofficial sources, the bribery concerns the Sopot-based "Horn" company.

Commenting on the matter, PC Deputy Chairman Ludwik Dorn said the presence of reporters during the arrest suggested the "police and propaganda character of the affair designed to undermine the postion of the Centre Alliance," while PC leader Jaroslaw Kaczynski called the detention of Dobrzynski "another counterattack on the part of the president."

### Onyszkiewicz Denies Foreign Minister Candidacy

*LD2802183093 Warsaw PAP in English 1821 GMT 28 Feb 93*

[Text] Warsaw, Feb 28—Defence Minister Janusz Onyszkiewicz on Sunday [28 February] denied that he was the candidate to replace Krzysztof Skubiszewski as foreign minister, in the event that Skubiszewski is appointed to a vacant post on the bench of the International Court of Justice at The Hague, Netherlands.

The rumours have given me great satisfaction, Onyszkiewicz said, "and it would be an extremely attractive and responsible matter to step into Mr Skubiszewskis shoes," but the rumours are untrue. "I do not know what Mr Skubiszewskis plans are, but I have no plans to leave the Defence Ministry," he said.

### Solidarity MP Upholds Resignation Decision

*LD2702220893 Warsaw PAP in English 1747 GMT 27 Feb 93*

[Text] Bydgoszcz, Feb 27—Solidarity Deputy Jan Rulewski told reporters on Saturday [27 February] he upheld his earlier decision to resign the membership in the Union and to possibly vacate his seat in the Sejm (Lower House) but added this would happen not before the Solidarity Congress.

Rulewski criticised the latest moves of the Solidarity and observed that the union fails to keep its promises. "I am looking forward to the Congress and afterwards I will make up my mind," he said.

### Solidarity Commission Opposes Caucus Split

*AU2602100293 Warsaw PAP in English 2305 GMT 24 Feb 93*

[Text] Gdansk, Feb. 24—The Solidarity trade union's National Commission, which met for a two-day debate starting today, described the action of deputies of the Solidarity parliamentary floor group who voted for the new budget as reprehensible but stressed that the Solidarity caucus should not be dissolved, as that would cause a serious split in the union.

The commission postponed passing the resolution on the matter till Thursday [25 February].

Solidarity deputy Wojciech Arkuszewski, who had voted for the budget law, explained that had the budget law not been passed, and consequently, the parliament dissolved, new elections would not be held until September at the earliest. This, he stated, would severely delay the process of privatization and the reduction of Poland's foreign debt by 15 billion dollars for many months.

Solidarity deputy Alojzy Pietrzyk, however, stated that he had hoped the vote on the budget law would have

united the floor group and that the caucus would have expressed its loyalty to the union. "The National Commission should distance itself from the passed budget," he stated.

The Commission also discussed the pact on state enterprises signed last Monday by the government and Solidarity, accepting the report on the pact by a vote of 48 in favour, 9 against and 13 abstentions. Some participants in the discussion expressed doubt whether the demands put forward by Solidarity before the signing of the pact had been met by the government.

During the meeting, the Presidium announced that a six-person committee had been called to work out a system of rules and regulations which will govern relations between the National Commission and the floor group.

In a separate document, the Commission expressed its support for the decision of the board of the Solidarity Lodz chapter to call a 48-hour general strike in the region.

## More on Government-Trade Union 'Enterprise Pact'

*AU2602101693 Warsaw GAZETA WYBORCZA in Polish 23 Feb 93 p 1*

[Report by Jolanta Kortal and Dorota Sajnug: "A Pact For Two Tables"]

[Text] The pact on state enterprises was concluded twice yesterday. First it was signed with Solidarity alone, but one hour later the table was exchanged for a much longer one to provide room for representatives of eight other trade unions.

Signing on behalf of the government was Labor Minister Jacek Kuron, on behalf of Solidarity Marian Krzaklewski, on behalf of the Confederation of Employers Andrzej Machalski, and on behalf of the All-Polish Trade Union Accord [OPZZ] Ewa Spychalska. Prime Minister Suchocka and Deputy Prime Minister Henryk Goryszewski were also present.

"This is the first pact of its kind in any of the postcommunist countries," Minister Kuron commented. "It provides the mechanism for social negotiations without which an economic reform is impossible. This is merely the first step, which permits the attainment of a compromise between the government and society, in other words the formation of a social order. Such a function can never be fulfilled by parliament, not even a good one."

Despite the almost three months of negotiations, a complete accord was not achieved. The main differences of opinion concerned the tax on supernumerary wages, which Solidarity would like to see abolished as soon as possible. The Confederation of Employers and the other unions agreed with the government that wages must continue to be controlled for some time yet, though the supernumerary tax should be lifted eventually. This opinion and other divergences were recorded in protocols attached to the pact. The Sejm will make a final decision.

"The document we have signed does not fulfill the criteria of a social contract, which our union considers to be a complete accord on the paths of economic reform and its social costs," said Ewa Lewicka, deputy chairman of the Mazowsze chapter of Solidarity. In her opinion, the involvement of workforces is the transformation of enterprises as foreseen the pact is merely empty talk because employers will decide on this in any case. However, Lewicka was pleased with the clause about collective agreements, thanks to which wages and working conditions will be agreed on between the unions and employers and not dictated from above. She also praised the creation of funds to pay out wages if plants went bankrupt.

OPZZ chief Ewa Spychalska said the pact is moderate success for the union because it only solves a part of the economic and social problems, but she praised the possibility of abolishing the tax on supernumerary wages, workers involvement in the management of their enterprise, the possibility of converting enterprise debts into stocks and shares,and the creation in private and state firms of so-called social funds to subsidize meals and vacations.

"The government will commence talks with the unions about a social program within one month of the signing of the pact," said Labor Deputy Minister Andrzej Baczkowski.

"Employees' control over their factories may cause conflicts," said a factory manager from Skarzysko Kamienna. "It will take several months before the Sejm passes the legislation that accompanies the pact, and that will delay privatization."

But Janusz Lewandowski, minister of ownership changes, said that the pact should actually speed up privatization. Lewandowski said he was merely afraid of the fate of capital privatization. "Work forces will prefer to turn their factories into work force-run companies and take them over, rather than sell them to big investors," he said. This was denied by Hans Szyc, director general of the Gdansk Shipyard, who claimed that workers are not at all keen to manage their enterprises themselves and prefer the management to run the risk of doing so.

Aleksander Janiszewski, director of Polish State Railways, said he hoped the pact would alleviate strike moods for a while.

## 48 Hour General Strike in Lodz Ends

*LD2702012093 Warsaw PAP in English 0009 GMT 27 Feb 93*

[Text] Lodz, Feb 26—The 48-hour general strike in the Lodz region was terminated at midnight on Friday [26

February] and all the enterprises and the railways in the area are resuming operation, regional strike commissioner Henryk Formicki said.

He stressed, however, that if the government fails to respond to the present strike within seven days, a general strike of undetermined duration, will be staged. The regional union branch will hold an emergency meeting on March 1.

Leader of the Solidarity National Commission Marian Krzaklewski was in Lodz to hold talks with the union's regional branch.

The National Commission had given full support to the strike. Before the end of the strike, Krzaklewski had commented that the government was afraid of making a political decision to change its regional policy. He told a press conference that unconventional solutions would have to be introduced, including more powers for the regional and local authorities in relation to the industrial policy and privatization.

Meanwhile, Deputy Labour Minister Michal Boni asked for the dismissal from his function as chairman of the interministerial team for the restructuring of the Lodz region, but Prime Minister Hanna Suchocka did not make any decision by late Friday night. Asked about his opinion about Boni's resignation, Krzaklewski said he was not concerned about personal changes.

## Walesa Visits Shipyard Workers in Gdansk

*LD2602233793 Warsaw PAP in English 2227 GMT 26 Feb 92*

[Text] Gdansk, Feb 26—President Lech Walesa visited the Gdansk Shipyard, his old workplace and the cradle of the "Solidarity" movement, to meet with members of the shipyard "Solidarity" cell on Friday [26 February].

The president recalled his promise that he would always be ready to come to the Gdansk shipyard and give an account on what he does. "I keep my word, and here I am," he said at the beginning of the meeting.

Then Mr. Walesa reiterated that he did not give up any of his plans proposed during his presidential campaign and said that all his concepts were good, including the 100-million-for-everyone plan. He admitted that he did not manage to get the successive cabinets implement them. "For that I would have to repeat the coup of December 13 (when martial law imposed by General Wojciech Jaruzelskiin 1981) but I did not want to do that," the president explained.

Mr. Walesa also warned against overzealous decommunization because excessive suppression of the communists and driving them out into the underground would be "doing exactly what they were doing."

He declared that he wants to lead the nation safely through the reforms and ensure security to it. The success, however, will depend on good organization, harmonized joint work, especially at the lowest organizational levels.

Finally, he said he regrets that some of his old friends in the shipyard did not join those who are now building the Polish democracy and even fail to speak out the truth when the president is being accused of collaboration with secret police.

## Kuron on Strikes, Pact on Companies

*WS2502092093 Warsaw TVP Television First Program Network in Polish 1855 GMT 23 Feb 93*

["Seven Minutes for the Minister of Labor" with Labor Minister Jacek Kuron—live or recorded]

[Text] Good evening. Yesterday we signed the Pact on State Companies that are under transformation. The signatories were nine trade union centers, including two large ones, that is, Solidarity and OPZZ [All-Polish Trade Union Agreement], the Federation of Polish Employers, or the Confederation of Polish Employers, and the government. It is a considerable step forward, and it can help all the various social groups that participate in the big restructuring under way to reach agreements among themselves, and work out compromises concerning the goals, the pace, the methods, and the means. Without such compromises, we will not implement the transformation. It will be dominated by social conflicts.

When we started negotiating the pact, which was a couple of months ago, various politicians, and also journalists started saying that the trade unions in Poland were not credible partners, because they could not control the situation. And so it would not make sense to sign agreements with them.

On the other hand, many unionists, as well as a lot of other people in Poland, believe that it is the government that does not keep promises, or, in other words, that it is not a credible partner. No one mentioned employers because apart from the state, the employers as a considerable group of people have appeared in Poland only recently.

I must say that both of the extreme views are true to some extent. Let us first talk about the responsibility of trade unions.

Not so long ago, before Christmas, we witnessed the strikes in Silesia, led by the Silesian Railways Workers' Solidarity. We held negotiations with them. They put forward some general demands concerning the railways. As far as the wages were concerned, they declared that they had more important tasks in Silesia, and so they should have higher wages. Along with them, as well as with all the other trade unions of railway workers, we agreed that all the trade unions must settle these problems together. And such an agreement... [pauses] Of course, I mean all the bigger trade unions. Here the

distribution of resources must be interrelated. It concerns the whole of the railway net, and so if some people take more resources, others have to take less. Of course, wherever the tasks are bigger, there must be more money. Such an agreement was reached with all the trade union centers, and it is being observed.

And suddenly, today we had this strike. This time the Union of Railway Workers of Upper Silesia demanded substantial wage hikes in Silesia, at the cost of other railway workers. And because, of course, the general management refused to do so, the workers organized a strike. The strike lasted two and a half hours. It was not very significant. It so happened that it coincided with the power failure there, so it made a slightly bigger impression than it actually was. Nevertheless, the strike did take place, and this is a fact. And the sense of the agreement with trade unions lies in both sides meeting their commitments. The commitment of the trade union is to ensure peace. It cannot be that one trade union makes an agreement, and another one organizes a strike, and so on, because then it turns out that the agreements alone do not make sense.

So much about the trade unions. But, I want to stress that it was not a very significant strike and this is probably thanks to other trade union centers.

But let us talk about the other side of the matter. The emergency strike situation in Lodz accelerated the government's work on the program of the restructurization of the Lodz region and on the activities to assist this. We agreed that there are three regions in Poland that are top priority for the government: the regions of Upper Silesia, Lodz, and Walbrzych. We worked out a schedule of important activities concerning this. But then the government had serious problems carrying out the activities, and so we could not appoint a plenipotentiary for the implementation of the restructuring of the region in time. We could not do this because such an appointment is accompanied by a great number of bureaucratic steps, which we had not managed to take, and we asked for some more time. This delay, however, along with other delays in the restructuring activities, aroused anxiety in this tired and impatient city. And, well, this is a city with a contaminated natural environment and high unemployment. And so no wonder that the people are impatient. So a 48-hour strike was announced; it will take place on 25 and 26 February. It will be a warning strike, the purpose of which will be to expedite the government's activities. Well, one can say that a 48-hour strike, while cooperation is proceeding well, is an exaggeration. Generally, using a strike in a situation where there is full accord, even if there are some problems, is not a good thing. Well, nonetheless, here the government is to blame, as it were.

And, therefore, what will become of the Pact on Companies if such situations come up? I would like to emphasize that the responsibility of both sides, the social partners and the government, their ability to meet deadlines, is closely related to their cooperation and the ability to act. And here I would like to use a simple example. The Pact on Companies will accelerate and facilitate transformations, and among other things, the establishment of employees' companies. So far as many as 550 employees' companies have been set up, and they are functioning very well. Seventy percent of them are developing and hiring new employees. It turns out that people are able to act in a responsible manner, that trade unions are able to act effectively here and in a constructive manner. And in this particular matter, the government, that is, to be more specific, the Ministry of Ownership Transformation and the Ministry of Finance, are meeting their commitments very well. Of course, problems sometimes come up, but agreements are made, such as the one in the pact, which concerns means to facilitate this matter. So, it all depends on how specific the tasks are that we will be able to impose on ourselves and how much we will demand from ourselves as far as the realization of these tasks is concerned. The problem is not to be afraid of a conflict, but to be able to solve it. Therefore, I look to the future with hope, despite all those strike threats that we still face. Good night.

## Solidarity Supports State Employees' Demands

*AU2602141693 Warsaw PAP in English 2042 GMT 25 Feb 93*

[Text] Gdansk, Feb. 25—The National Commission of the Solidarity trade union which debated for the second day on Thursday [25 February], while supporting the demands of the employees of the state sector announced March 12 as the day of Solidarity protest of the entire union.

Commission members expressed their concern over the course of the collective dispute between the government and the union's secretariat for health protection, education and science, culture and mass media.

The National Commission, in view of the lack of positive response and solutions from the government in this respect, expressed its approval for the announcement of a strike alert in the state sector.

The Commission also decided not to pass a resolution on a draft law granting the government the right to rule by decrees as the draft has been withdrawn.

However, many of the Commission members expressed doubt over whether decrees do not stand in contradiction to the general principle of democracy.

Bogdan Borusewicz, chairman of Solidarity's parliamentary floor group, told fellow unionists that the situation in which the government takes upon itself greater responsibility for decisions crucial for the economy and social affairs may be "very convenient for the union."

The Commission adopted a resolution in which it reproached some of its deputies for not obeying the union's instructions to vote against the 1993 budget bill. Commission members decided to set up a team to draw

up draft regulations of cooperation between Solidarity deputies and the Commission.

The National Commission also decided to hold a session of the National Congress of Delegates on June 26 and 27.

### Union 'Network' Leader Expresses Support for Walesa

*AU2602113393 Warsaw TRYBUNA in Polish 22 Feb 93 p 4*

[Interview with Zygfryd Rogulski, deputy chairman of the "Network" and chairman of the "Solidarity" Committee at the Warsaw-Lucchini Steel Works, by Ewa Dobrowolna-Sadura; place and date not given: "They Used To Lick His Boots, Make a God of Him"]

[Excerpts] [Dobrowolna-Sadura] The "Network" [Siec—organization representing Solidarity committees from the largest state enterprises] is seen as being made up of the future members of a presidential party. The statement that you issued before Kaczynski's [Center Accord leader] notorious march to the Belvedere was regarded as a definite step toward forming such a party. The statement that you were the president's army also sprang to mind.

[Rogulski] That last statement was used rather inappropriately during our demonstration in April of last year by Jerzy Borowczka, the "Solidarity" chairman at the Gdansk Shipyard. He was referring to himself and the shipyard, and in that context he had a right to say that. However, at that time, it was not a political statement. The scenario for the demonstration was that I would end it with a statement that our goal was not to express support for the president but to indicate that Lech Walesa did not have an influence on the politics of that period. However, there is no question of us being involved in organizing a party.

[Dobrowolna-Sadura] But I would press the point that the "Network" is loyal to the president, that it a wall standing behind him. That last statement is proof of that for me.

[Rogulski] That statement was drafted by me. I was never linked to the president. I was always far from all of that. However, today I do bear a grudge against those people who were once very closely linked to him, licked his boots, and made a god of him and now fiercely criticize him. They accuse him of the very worst. I find it horrifying. I will support what the president does, because he has come from our class. He is a man who will not betray this class. Let us not deceive ourselves: In this state, a class war is beginning to take shape. If someone says something different, then he is a liar. That is why we are closest to Walesa.

Walesa came up with ideas that no one realized. At most they were laughed at. The famous 100 million zlotys is just one example. It was, however, really clever. It provided an opportunity to privatize plants by making employees shareholders. No one picked up on that idea. At the time, the old trade union elites were shaping state economic policy. They created the tax on excessive wage increases, the tax on enterprise assets, and as a result our entire economy was destroyed. The only form of Polish capital, heavy industry, was destroyed. Even if those plants were neglected, technically backward, ruining them should not have been allowed. [passage omitted]

[Dobrowolna-Sadura] The differences and divisions between the "Solidarity" National Commission and the "Network" are widely known. Marian Krzaklewski charges that you are threatening union unity and that one does not know what your position is, but it is also no secret that some National Commission decisions were the result of pressure that you applied.

[Rogulski] I am a "Network" supporter for maintaining union unity. On several occasions I have intervened to maintain union unity. I would like to remind you that I stressed "Solidarity" unity following our memorable demonstration. At the time, I told Maciej Jankowski [head of the Mazowsze chapter of Solidarity] and Marian Krzaklewski [Solidarity chairman]: You have done a lot to split "Solidarity" from within, and today you are getting the union back in one piece, so make the maximum possible use of that.

Unfortunately, the reality is different. However, we are not forcing anyone into doing anything. We only want to the perform a role of indicating those things that are going wrong in enterprises. From time to time, we come up with ideas on the economy or privatization.

[Dobrowolna-Sadura] There is increasing talk of the need to call a "Solidarity" congress that would elect a new National Commission chairman. Do you have a candidate?

[Rogulski] I think highly of Krzaklewski's intelligence and ambition, but I think that a union chairman should be more independent, especially of the government. Maciej Jankowski guarantees that. He is a unionist through and through, and someone who can unite all of "Solidarity." [passage omitted]

### Broadcasting Chief on Future Tasks

*LD0103201493 Warsaw Radio Warszawa Network in Polish 1800 GMT 1 Mar 93*

[Text] President Lech Walesa today appointed Deputy Marek Markiewicz to the post of chairman of the National Radio and Television Broadcasting Council. We asked Deputy Marek Markiewicz what moves he envisages as the Chairman of the Council.

[begin recording] [Markiewicz] The first basic task is to quickly implement the law on radio and television broadcasting. And the condition for the creation of this, or for the implementation of this law, is the speedy appointment of the National Commission. I think that it will be necessary to make a request to the president and

the speakers of the Sejm and Senate, that the statutory process be carried through as quickly as possible. We will then commence the normal, very difficult, statutorily specified work on putting in order public radio and television broadcasting, and also begin the procedure of granting wavelengths and finally bringing order to the airwaves, just as is described in the law that came into force from today.

[Reporter] Did you expect this nomination?

[Markiewicz] To be honest, that's a difficult question to answer. We talked once on the subject of my participation in the National Council. On the other hand, it was a long time ago, and I do not hide the fact that this is a great honor for me, and I talked with the president. I do not hide the fact that I was surprised. It is probably true to say that I was pleasantly surprised. [end recording]

[Announcer] As the Government Press Office has reported, in association with the abolition of the Radio and Television Affairs Committee, Prime Minister Hanna Suchocka has recalled from their posts the vice chairmen of the Radio and Television Affairs Committee, Barbara Borys-Damiecka, Jan Mariusz Owsinski, and Maciej Jerzy Ramus; and also Adam Brodziak from the post of director general in the Radio and Television Affairs Committee.

## New Radio, TV Broadcasting Law Effective 1 Mar

*LD2802194293 Warsaw TVP Television First Program Network in Polish 1830 GMT 28 Feb 93*

[Text] The law on radio and television broadcasting comes into force tomorrow. It will create an opportunity for legal activity for private stations. Concessions and frequencies will be granted by the National Radio and Television Broadcasting Council [KRRiT]. It will also determine the size of license fees. The Council is also to be responsible for the general supervision of the activity of radio and television stations.

Four members are appointed to the nine-person Council by the Sejm, two by the Senate, and three by the president. The president also designates the chairman of the Council. Those chosen for the Council will, in accordance with the law, have to suspend their party allegiance.

[unidentified voice] The persons delegated for political reasons will concern themselves with their work, and will as if dissapoint their parties because they will be, well, public administrators, and they will have to implement, they will have to prepare activities. They will nonetheless have to implement the tasks of this Council.

[Unidentified correspondent] The larger political groupings already have their candidates, albeit no one officially admits to this. Thus, according to unconfirmed reports, the Democratic Union [UD] will put forward the candidacy of Juliusz Braun, head of the Sejm Culture Commission; the liberals [PPL]—Andrzej Zarebski, press spokesman in the government of Premier Bielecki; the Polish Convention [KP]—Jan Dworak, former deputy chairman of the Radio and Television Affairs Committee; the Christian-National Union [ZChN]—Ryszard Czarnecki, its press spokesman; the Alliance of the Democratic Left [SLD]—Marek Siwiec, also its spokesman.

The candidacies of the president are unknown, but the names most frequently cited are Marek Markiewicz, Janusz Zaorski, and that of Andrzej Wajda.

Among the candidates for the Council are Andrzej Bober, from Letters about the Economy; Andrzej Wojciechowski, head of Radio Zet; and Karol Jakubowicz, former director general of television. If the Sejm and Senate agree at their coming meetings on the appointment of members of the Council, then it could be functioning in April. This will be equivalent to the practical implementation of the law.

## Defense Officials View Defense Law Amendment

*WS0103141093 Warsaw SIS in Polish 1600 GMT 26 Feb 93*

["Press Conference of Jerzy Milewski, secretary of the National Defense Committee"—SIS headline]

[Text]

### Amending the Law on General Defense Duty

The National Defense Committee [KOK], which held a session today, discussed the amending of the law on the general duty of defending the Republic of Poland.

KOK Secretary Jerzy Milewski said that the amendment bill would be forwarded to the Sejm within a month.

### The National Security Council

The bill envisions liquidating the KOK and establishing the National Security Council, which will be the president's advisory body in the area of internal and external security. It will consist of the members of the present KOK.

Most of the duties performed so far by KOK will pass on to the president.

### Division of the Ministry of National Defense

The bill on amending the law on general defense duty will also sanction the division of the Ministry of National Defense into a civil and a military department. The division has so far been only informal.

### National Guards

The KOK also discussed a bill on establishing the President's Guards. They are to be formed out of the Vistula units of the Ministry of National Defense. In the year 2000, they are expected to number around 22,000 soldiers.

The bill has been prepared at KOK's request by an interdepartmental team organized by the Office of State Security.

The bill comprises the scope and the manner of establishing the National Guards.

Today the KOK decided that after it acquired its final shape, the bill would be forwarded to the Sejm by the president.

**The Situation of the Ministry of National Defense**

At today's session, the KOK also discussed the difficult situation of the Ministry of National Defense. The ministry's budget was assessed as very bad. It is only 1.9 percent of the gross national product, which is substantially less than in other countries.

The high officials in the ministry will try to make the parliament earmark a fixed percent of the national product, which could make it possible for the ministry to predict things a few years in advance.

Jerzy Milewski said that it would be good if within a few years' time the ministry's budget equaled three or four percent of the gross national product.

**Participants of the Session**

Apart from Jerzy Milewski, President Lech Walesa, Prime Minister Hanna Suchocka, speakers of the Sejm and the Senate, minister of national defense, minister of internal affairs, and the chief of General Staff participated in today's KOK session.

## Envoy To Oversee Lodz Restructuring Named

*LD0203014993 Warsaw PAP in English 2352 GMT 1 Mar 93*

[Text] Warsaw, March 1—Lodz Governor Waldemar Bohdanowicz on Monday [1 March] was appointed the government's plenipotentiary to oversee the process of industrial restructuring in the recession-hit Lodz region.

The appointment of a plenipotentiary was one of the key demands of the Lodz Solidarity regional committee, which last week staged a 48-hour general strike in protest at the government's failure to push through a restructuring plan for the region, hard hit by unemployment, and a lack of compensation for growing costs of living.

Bohdanowicz is expected to draw up a restructuring plan in three months' time, therefore the tangible results of his operations will only be seen much later.

Bohdanowicz told journalists that his appointment should ease the situation in the region.

In response to the Lodz governor's appointment, vice chairman of the Lodz Solidarity committee Henryk Formicki said that Bohdanowicz can be an acceptable candidate as long as he meets the committee's requirements of being apolitical.

However, in other parts of Poland, several strikes continued.

In Krakow on Monday, some 230 workers of a power station began a sit-in. The strikers demand the dismissal of the board and suspension of mass lay-offs. The management claims the strike is illegal.

In Miastko, Koszalin province, forty jobless started a sit-in at the town hall. Also in Slupsk, the unemployed resumed their sit-in at the governor's office, in protest at the failure of the Labour Ministry to solve the problem of unemployment in the region.

Some 50 members of the Solidarity-80 regional commission picketed a state coal agency in Katowice in protest against the restructuring of the mining sector. In a circulated leaflet, they claimed that the programme has not been consulted nor accepted by the unionists. A petition to this effect was sent to the constitutional tribunal.

Fifty members of the All-Poland Farmers' Solidarity negotiation and strike committee continued their sit-in at the premises of the union's national council in Warsaw.

## Retrial Requested In Mercenaries' Recruitment Case

*AU2602134993 Warsaw PAP in English 1836 GMT 25 Feb 93*

[Text] Krakow, Feb 25—The Krakow garrison military prosecutors office has appealed to the military chamber of the Supreme Court for a retrial in the case of two Poles charged with the recruitment of mercenaries to fight in Croatia and found innocent by the Krakow garrison military court.

The prosecutors office accuses the military court in Krakow of accepting misleading and false information which had influence on the verdict.

The court in Krakow found 34-year-old Krzysztof K. and 24-year-old Wojciech P. innocent of the charges, claiming that the accused were far more interested in publicity than actual recruitment, which, in any event, brought no real effect.

The accused had both testified that they had hoped only to draw the attention of the authorities to the plight of Poles fighting in the former Yugoslavia by placing ads in papers and putting up posters.

## Opole German Minority Head Views Priorities

*PM2302162093 Opole TRYBUNA OPOLSKA in Polish 16 Feb 93 pp 1, 2*

[Interview with Danuta Berlinska, Opole voivoda's plenipotentiary for German minority affairs, appointed to that office 15 Feb, by correspondent Anna Fastnacht-Stupnicka; last paragraph is biographical note]

[Text] [Fastnacht-Stupnicka] What are the most urgent tasks facing the voivoda's plenipotentiary for German minority affairs?

[Berlinska] The plenipotentiary's principal brief is to supervise the implementation of the Polish-German treaty of good-neighbor relations and friendly cooperation and to foster the observance of the rules and regulations of Polish legislation concerning national minorities in our country.

[Fastnacht-Stupnicka] Could you translate these general provisions into practical terms, as necessitated by the specific circumstances in Opole Voivodship?

[Berlinska] I am only beginning to settle into the duties of my office, so I must first identify the most pressing concerns. Generally speaking, a plenipotentiary for national minorities should on the one hand represent the position of the state administration and, on the other hand, identify those actions by the authorities which are a source of discontent among the minority. I believe that I should be a mediator whose task is to ensure that no heated arguments or bitter conflicts develop between the two sides.

[Fastnacht-Stupnicka] Your office obliges you to represent the position taken by the voivoda. Do you expect that your opinions and your respective assessments of the situations you will have to handle will be always unanimous?

[Berlinska] It is difficult to predict this sort of thing. I have never been in a similar situation, but I do not believe that there will be any really serious discrepancies between our respective outlooks. The voivoda has demonstrated an appreciation of the minority's problems and he is as interested in conflict-free coexistence in our region as in public observance of the law and Polish constitution.

[Fastnacht-Stupnicka] What are you most afraid of?

[Berlinska] If I have any fears at all, they are the obvious consequence of the responsibility attached to my office. As a sociologist, I have always attempted to work with the population of our region in ways which reduce tensions and build an understanding between different national groups living here. Now I will be following exactly the same policy, but at a different level. I treat it as a kind of a mission.

[Fastnacht-Stupnicka] Your predecessor in this office—albeit only for a very short while—was Bogdan Helka, who was recalled after a protest intervention by the German minority. After that, the voivoda took a long time appointing a new plenipotentiary despite the fact that the German minority called for such an appointment. Is there a political angle to the post of plenipotentiary for minority affairs?

[Berlinska] I would like to avoid such an angle. I believe that this kind of post should be strictly nonpolitical. For myself, I am not involved in any political movements or parties. As far as my office is involved, the only policy we can legitimately follow is one that seeks to make the German minority comfortable in our Polish state.

[Fastnacht-Stupnicka] As a sociologist, can you give me a sociological picture of the communities which make up the German minority in the Opole region of Silesia?

[Berlinska] One of their characteristic traits is that most of them remember the German state's rule in their region. They are descendants of people who for 200 years had close links with the Prussian state, and remained under the influence of Germanic culture for 600 years altogether. The basic characteristic of that particular ethnic group is that for many centuries the Silesian dialect was their native language. They are a typical borderland population, subjected to influences of Polish, German, and also Czech cultures, and that is why their own cultural makeup is far from homogenous. As Emil Szramek put it, these people are "like the boundary stones which bear the Polish emblem on the one side and the German mark on the other; or like the pear tree growing on the boundary line, which bears fruit on both sides." For these people, the question of national identity has always involved an act of choice—even though this choice was often made under pressure.

[Fastnacht-Stupnicka] What goals do you hope to achieve as plenipotentiary for the German minority?

[Berlinska] I would be very happy if I were able to maintain and safeguard the consensus which already exists in our region. This consensus is attested to by the absence of any serious clashes or conflicts based on ethnic differences. If I am successful in furthering the cooperation that is already developing between the German minority or the Silesians and the Poles, in providing them all with better information concerning their problems and in sorting out controversial issues, then I will conclude that I am discharging my brief properly and in line with my own expectations. [Interview ends]

Danuta Berlinska graduated from the Sociology Department at the Adam Mickiewicz University in Poznan. She is a staff member of the Regional Studies Section of the Silesian Institute of Opole, where since 1986 she has concentrated on relations between ethnic groups in Silesia's Opole region.

## Polish, Russian State Archives Conclude Research Deal

*AU2602141893 Warsaw PAP in English 2221 GMT 25 Feb 93*

[Text] Moscow, Feb 25—Representatives of the Polish and Russian state archives signed a cooperation agreement today at the end of a four-day visit by a Polish delegation led by Jerzy Skowronek, director of the Main Board of the State Archives.

The agreement determines the scope of cooperation on a book in which all documents related to the Katyn crime will be published. The book will also include all documents copied in Moscow archives by the military archives commission which is now continuing its examination.

Professor Skowronek said that owing to the talks held in six Russian archives in Moscow, the Polish side can cherish the hope that the book will be enriched by documents to which access is limited to the Polish side. "The task to reach to them has been taken over by our Russian colleagues," he added.

Replying to a recent call by Polish researchers and archivists concerning their access to all documents related to Stalinist crimes committed on the Polish nation, it was agreed that documents on repressions against civilians will also be published.

Prof. Aleksander Gieysztor, a member of the delegation, told newsmen that in the Moscow archives the delegation met with people of good will who are truly engaged in their work. "I saw documents which deeply shocked me. These documents cannot be approached with indifference," Gieysztor said.

### Peasant Party MPs End Lithuania Visit

*AU2602100493 Warsaw PAP in English 2136 GMT 24 Feb 93*

[Text] Vilnius, Feb. 24—A delegation of the Polish Peasant Party parliamentary floor group, headed by the party's chairman Waldemar Pawlak, ended today a four-day visit to Lithuania paid at the invitation of the Polish faction in the Lithuanian Parliament.

The Polish deputies were received by Parliament Speaker Czeslovas Jurszenas, Minister of Agriculture Rimantas Karazije, and representatives of the Democratic Labour Party of Lithuania. They also met with the Union of Poles in Lithuania.

After getting acquainted with the situation of the Polish minority in that country, problems faced by Polish farmers and the Lithuanian agriculture, Waldemar Pawlak said Lithuania can benefit from Polish experiences and stressed that both countries should launch broad cooperation.

Speaking to newsmen, Pawlak said he hoped that the visit would result in establishing direct contacts between farmers from Poland and Lithuania.

### Skubiszewski on Relations With Ireland

*LD0103202393 Warsaw Radio Warszawa Network in Polish 1800 GMT 1 Mar 93*

[Text] Dick Spring, deputy premier and minister of foreign affairs of Ireland, is on an official visit to Poland today. The Irish guest has been received by President Lech Walesa and Prime Minister Hanna Suchocka. Dick Spring was also a guest of the Sejm, and spoke with Jan Krzysztof Bielecki, minister for contacts with the EEC, and Krzysztof Skubiszewski, the head of our diplomacy. After the meeting with the Irish guest, Minister Skubiszewski said:

[begin Skubiszewski recording] Ireland is a member of the Euroepan Communities with which we are developing various ties. In particular, we are entering into a period of association, and hence a significant part of our talk was devoted to Polish-Irish relations seen from the point of view of our ties with the European Community. We also spoke of various bilateral issues. We also spoke about the weight of the Polish participation in the political dialogue between the West European Twelve. We also spoke of the interest of Poland in the West European Union, in which Ireland has recently had the role of an observer.

In the area of bilateral economic relations there is much to be done, especially in the area of agriculture. This is an area that very much interests both states, and the result of this is to a certain extent delicate. A certain competition is being sketched out here, and that is why ths field must be very carefully specified, it must be delimited. In my view, it is a sphere that belongs to the Ministry for Economic Cooperation with Abroad. There are opportunities here for a certain cooperation in certain areas of agricultural production and certain areas of agricultural processing. This is in any case also an area where we can learn something from Ireland. [end recording]

### Ministry Official Says No to Asylum-Seekers

*WS0103074593 Warsaw Radio Zet in Polish 1515 GMT 24 Feb 93*

[Studio interview with Jerzy Zimowski, deputy secretary of state in the Ministry of Internal Affairs, by Monika Wojcicka; from the "Guest of Radio Zet" program—live]

[Text] [Wojcicka] You represented us in Bonn and warded off the attacks of the Germans on our border. Was that true?

[Zimowski] Well, not really so. Good afternoon.

[Wojcicka] What happened during the negotiations? The Germans are going to send refugees back to Poland. Where did such a problem come from all of the sudden?

[Zimowski] Germany has found itself in an extremely difficult situation which is related to migration. It used to be the most liberal country as far as the rights for immigrants, asylum-seekers, and refugees were concerned. And the proceedings were really simple. It was enough to say asylum in order to trigger asylum proceedings, which lasted up to a year and a half. Therefore, anyone who wanted to move to the west, first of all for material reasons, went to the Bundesrepublik, said asylum, and had a year and a half to adapt himself to the country. In this way, in 1992 alone, they have gathered a

mountain of asylum-seekers, or rather economic emigrants, which amounted to 440,000 people. If we take into consideration those who came to Germany earlier, we can say that they have approximately 1,000,000 people. All in all, they have around 6 million foreigners, or 8 percent of the inhabitants. They have to do something about it, because tensions build up. They cannot admit any more people.

[Wojcicka] When did the idea come up that the asylum-seekers, or prospective asylum-seekers, or emigrants, or refugees should be sent back to the country in which they were before they came to Germany?

[Zimowski] They have been thinking about this for a few years now. They have tried to enact this law before, but they did not succeed. But now the situation is so different that the so-called asylum compromise has been reached. And last December it was agreed that they would solve this problem by introducing the concept of the so-called safe country, a neighboring, a third safe country. Emigrants who had come to Germany illegally or who had lost the right to stay in Germany could be sent back to such a country. They also introduced the concept of the safe country of origin; for example Romania. They are planning to label this country a safe country....

[Wojcicka, interrupting] This means that the Romanians no longer have the right to...

[Zimowski, interrupting] After very short proceedings, two or three days, they will be able to send home every Romanian citizen who utters the word asylum. They have introduced such legal solutions, and they are doing everything to make them valid in their country. And they plan for this law to be passed by the Bundestag in April.

[Wojcicka] It will be valid in Germany, but what about Poland? And how can one make such decisions without consulting the safe country?

[Zimowski] That is why Rudolf Seiters, minister of internal affairs, forwarded a letter to Minister Milczanowski in December, and the letter said that Poland might also feel the results of the asylum compromise. He also invited the Polish minister to talks. What will be the outcome? Well, first of all, we will be obligated to admit our own citizens who have not received asylum in Germany. We will also be practically obligated to admit those persons who have illegally come to the Federal Republic of Germany across our border.

[Wojcicka] So all those people who first crossed the Polish eastern border, then reached the green western border, will be sent back to...

[Zimowski, interrupting] Yes, they will be sent back.

[Wojcicka] And are we going to send them farther to the east?

[Zimowski] Well, we will also have to sign readmission agreements with our eastern and southern neighbors, so that each country can take on some of the burden of readmission, and so that the people can return to their countries of origin. Now, what proposals are suggesting to the Germans? We say the following to the Germans: solve this tremendous problem of this half million or even a million emigrants on your own now that you have gathered so many people. You also had these laws, and you were a honey pot that attracted everyone. So resolve this problem yourselves, and let the laws that I have mentioned be administered only when they are introduced. I mean the rules concerning the people who are our citizens, those who have crossed the German border illegally, and those who have not received the right to asylum at the Polish-German border.

[Wojcicka] So that it will not turn out that as a result of this retroactive law, all of a sudden it is we who are flooded with refugees...

[Zimowski, interrupting] Yes, that is right. Well, let us say that the Germans would like to send back to us 100,000 people, or 50,000, or even fewer. The Germans originally planned some financial compensation for that, and they even proposed it. However, there is no price Poland would be prepared to pay for playing the unpleasant role of a gendarme. That is one thing. And the other is that this would entail tremendous costs, and no assistance can compensate it. Therefore, such talks... [pauses] We have excluded such possibilities as unacceptable for Poland. And here our policy is consistent: we are not taking anything from this big mountain. Not a thing. In the future, however, when all this takes place gradually, when people are not expelled en masse, it will be routine. Well, at present, everyday at the Polish-German border we readmit from 30 to 100 persons expelled by the Germans as cumbersome foreigners who have crossed the border illegally.

[Wojcicka] What happens to them here in Poland? [Zimowski] They have the administration visa stamped in their passports, then they are put on a train, and, surprisingly enough, around 60 percent of them really leave for their countries, such as Romania, Bulgaria, Turkey, Ukraine. And...

[Wojcicka, interrupting] Are there any policemen who control such people?

[Zimowski] No, no, there are not. We have a problem now because we have not signed any readmission agreements with our neighbors. And that is why we have a serious problem here. And there is one more important thing about it, and maybe I should mention it. But some of them... [pauses] So some of them leave Poland for their own countries. Some of them, however, stubbornly keep attacking that border. There are record holders who have tried to cross the border 30 or 40 times. And there is one guy who has tried to do it as many as 80 times.

[Wojcicka] And he has not made it. And he still does not believe in destiny?

[Zimowski] He is sent back over and over. He is, well, quite persistent in attacking the border.

[Wojcicka] Will the same laws apply to France and Austria? Will they also be such safe countries?

[Zimowski] Yes, they will. There is the Dublin Convention, which has been signed by the European Community countries, and this convention introduces more or less the same rules. It all boils down to this: If a person has come from Ukraine to Spain for instance, then he is sent back from Spain to France, from France to the Federal Republic of Germany, from there to Poland, and from Poland to Ukraine. This is what it should be like in the model solution. Now the chain breaks in Poland, because we do not allow such things to happen. But generally speaking, Europe accepts such a concept as a model solution.

[Wojcicka] Now, you participated in the negotiations in Bonn. What was their ultimate outcome?

[Zimowski] We agreed that we would not avoid the problem of refugees, asylum-seekers, or economic emigrants. We are a medium-sized European country, and we are a stable European country compared to the conditions in the neighboring countries or the African and Asian countries. And we will also be an attractive country for foreigners. We have to resign ourselves to it. And we also must make another assumption; namely, that we are not going to solve this problem by ourselves. We are going to have to solve it along with the whole of Europe. Therefore, the agreement with Germany is an element of our policy which aims at coordinating our entire emigration policy with the whole of Europe. We want to seek all-European solutions.

[Wojcicka] And, until we have the ultimate results of the negotiations and until we know what becomes of the mountain of asylum-seekers in Germany, what does the average day look like at the border? We send those people home at their own cost, do we not?

[Zimowski] Yes, we do. They return to their homes. In January, 1,300 people illegally crossed the Polish-German border. And last year the figure was 30,000.

[Wojcicka] And will the number increase?

[Zimowski] Yes, probably it will.

[Wojcicka] Up to how many, do you think?

[Zimowski] I cannot tell you this. I must tell you that I was surprised to find that in January, despite this, quote, unquote, antiforeigner atmosphere, as many as 36,000 people requested asylum. This is 1,000 people per day. In Poland 500 people requested asylum throughout 1992. So they had more applications in one day than we had throughout last year. These are unheard-of phenomena.

[Wojcicka] Thank you very much for the interview.

## Bosnian Airdrops Deemed 'Too Little, Too Late'

*AU0103141193 Warsaw ZYCIE WARSZAWY in Polish 24 Feb 93 p 1*

[Commentary by Franciszek Nietz: "Too Little, Too Late"]

[Text] Airdrops of humanitarian aid for the starving victims of regional conflicts, political persecution, or catastrophes are not something new. The most recent example of such an operation were the U.S. airdrops for the Kurdish population of northern Iraq, which is being oppressed by Saddam Husayn, in 1991. They stopped the exodus of thousands of Kurds to a significant degree, but they revealed—yet again—the limitations of spectacular operations of this kind and the political risk connected with them.

All these factors will again surface in the humanitarian aid airdrops for the starving inhabitants of the eastern regions of Bosnia and Hercegovina that have been announced by President Clinton. In light of the tragic war being experienced by these people, people who have been neglected and forgotten by almost everyone, people facing the specter of cannibalism, every form of assistance is profoundly justified. However noble the significance of these airdrops may be, they cannot negate the fact that this gesture on the part of the President of the United States and his allies is half-hearted. The aid, as the spokesman for the UN high commissioner for refugees rightly observed, will arrive at least six months too late. It reflects the indecision shown by Europe and the world in the face of the tragedy in Bosnia, an indecision that in no way reduces the risk, which is probably inevitable by now, of the West becoming involved in the war in former Yugoslavia.

### Transpsortation Minister Comments on Danube Blockade

*AU0103151593 Bucharest Radio Romania Network in Romanian 1100 GMT 1 Mar 93*

[Text] Explanations concerning the absence of the Romanian side from the negotiations in the [Yugoslav] port of Prahovo were given on the telephone by Transportation Minister Paul Teodoru to our reporter:

[Begin recording] The Romanian side did not receive any invitation whatsoever to attend those talks. Naturally, one cannot attend negotiations if one is not invited. It is not a matter of wanting or not wanting to attend. I think they should at least have informed us. I repeat, we did not attend because we were not invited to participate in those talks.

Besides, it seems quite strange to me, I do not really know what the Romanian Government officials could possibly discuss with the Serbian skippers' union. That is an internal issue of theirs.

However, we have always said that we are ready to attend any kind of talks, so that we could settle the situation in accordance with the limits of the rules set up by the UN Security Council and other accords, so that we could find the solution that is most favorable for all involved.

We quite obviously have to observe pre-established regulations. Whenever the interpretation of those regulations is not completely clear, we turn to the UN Security Council for advice.

There is no room for other ways and methods to solve the current situation. Within such limits we are ready to negotiate with anyone. [end recording]

### FRY Allegedly Responsible for Blockade

*AU0103151293 Bucharest Radio Romania Network in Romanian 1100 GMT 1 Mar 93*

[Interview with Slobodan Strugar, director general of the Yugoslav River Shipping Company, by Dana Popescu, in Belgrade on 1 March; in Serbo-Croatian with superimposed Romanian translation—recorded]

[Text] [Popescu] Did you personally go to Prahovo?

[Strugar] Yes, minister [Zarko] Katic and I went to Prahovo yesterday, according to the decision we jointly took with the unions on Friday [26 February]. The unions have assumed full responsibility for the blockage of the Danube.

Radio communication with our vessels is currently interrupted, so we cannot talk with them in any other way, only by going aboard those ships. The minister has been empowered by the [Serbian] government, we went there and held talks with the unions, but due to the fact that the Romanian party did not attend the negotiations we could not achieve much.

Minister Katic was very pleased with the fact that [on 28 February] the Yugoslav skippers allowed the Bulgarian ship carrying perishable goods to pass the blockade.

[Popescu] But as you know, there are more then ten vessels—not only Romanian ones, but also from Austria and Germany—that are waiting for traffic to reopen.

[Strugar] Yes, we know. The skippers of those vessels have friendly relations with ours, they are in permanent contact with each other.

[Popescu] In your opinion, how could the situation be solved?

[Strugar] There is only one solution: Our vessels should be allowed to return to their ports of origin [by being allowed to pass the Romanian sluice at Iron Gates II]. What other solution could there be? As soon as they are allowed to do so, Danube traffic will automatically resume again.

[Popescu] What are your vessels loaded with?

[Strugar] The vessels belonging to my company are carrying fuel oil from the port of Prahovo to Belgrade. The tugboat Orasac, for instance, is transporting fuel oil. It has three barges, which means that the load amounts to about 4,000 tonnes of fuel oil.

### Convoys Still Held Up

*AU0103150893 Bucharest Radio Romania Network in Romanian 1100 GMT 1 Mar 93*

[Text] The Danube continues to remain blocked by 12 Yugoslav barges at kilometer 856, near the Romanian village of Izvoarele, in the southern part of Mehedinti County, our correspondent Cornel Sorescu reports. Under such circumstances there are no new elements to be added to the traffic situation in that area where convoys at anchor upstream and downstream the Iron Gates II sluice are waiting—some of them have been waiting for the whole of the past week, ever since the river authorities of the Yugoslav port Prahovo placed the barges there—for the situation to return to normal.

The Ukrainian tugboat Kapitan Gaydany and its four barges have meanwhile also arrived in the area, being currently stationed upstream of Iron Gates II.

### Blockade Continues; More Convoys Join

*AU0203093693 Bucharest Radio Romania Network in Romanian 0500 GMT 2 Mar 93*

[Excerpt] Danube traffic is still blocked by the 12 Yugoslav barges in the area near the Iron Gates II waterway, at kilometer 856, our correspondent Corneliu Sorescu reports.

The convoys, which have been anchored there for many days because they could not transit the zone, were joined yesterday by the Hungarian tugboat Eger and its six

barges, as well as by the vessel Kapitan Filipov and its four barges sailing under the Ukrainian banner. [passage omitted]

### President Allegedly Orders News Blackout

*AU0203104693 Bucharest ROMPRES in English 0951 GMT 2 Mar 93*

[From the Romanian press review of 2 March]

[Excerpts] Bucharest, ROMPRES 2/3/1993—Most dailies published on March 2, comment on the statements made by the Reformed Bishop Laszlo Tokes, Honorary Chairman of the Democratic Union of Hungarians in Romania [UDMR], in Washington, according to which Romania would be the "scene of an ethnic purge." [passage omitted]

No details can be obtained from the scene, concerning the situation at kilometer 856 [on the Danube, near the Iron Gates II waterway], writes ROMANIA LIBERA, according to which the presidency has given orders that no data be made available for the press any longer. The said daily wonders "what could have prompted the presidency to take such a decision." [passage omitted]

### Foreign Ministers Sign Political Treaty

*AU0103180493 Bucharest ROMPRES in English 1541 GMT 1 Mar 93*

[Text] Minsk (ROMPRES) 1/3/1993—Romanian Foreign Minister Teodor Melescanu and Foreign Minister of Belarus Peter Kravchanka signed Monday, March 1, the preliminary political treaty on the relationship between Romania and Belarus.

They also signed the convention on visa exemption for business trips and the understanding on no-visa transit towards other countries for citizens of Romania and Belarus.

The terms were negotiated of other documents—the agreement for cooperation in culture, education, science and technology, health, sports, and tourism, the convention on consulates—so those may be signed later.

At the end of the negotiations Teodor Melescanu appreciated that relations between Romania and Belarus were an example for Romania's relations with CIS states. The Romanian minister underscored the spirit of cooperation and teamwork which led over a very short time to negotiation and signing of the preliminary political treaty between the two countries.

"There is," minister Melescanu said, "a high potential for such relations, and the treaty we signed here today is meant to make our relations reach that potential."

Minister Kravchanka showed there were no contradictions between Romania and Belarus, no contentions over any political, economic or other issue. He said Romania was the third country Belarus had signed such a political treaty with.

### Vacaroiu on 'Ambitious' Draft Government Program

*AU0103111493 Bucharest ROMPRES in English 0934 GMT 1 Mar 93*

[Text] Bucharest, ROMPRES 1/3/1993—Romanian Premier Nicolae Vacaroiu told [Bucharest] radio in an interview by phone on March 1 morning with reference to the government program which he will present to Parliament this week that the priority objectives were to stop the decline of material production and provide conditions for economic revigoration, as well as a proper social protection.

The premier opined that there would be two very important moments in 1993 in the government's activity: May 1—the detailed analysis of the government subsidies with all they meant, and July 1—the establishment of raised fiscal taxes.

Premier Vacaroiu assessed that "in economic terms and naturally on a cultural, social, educational, and health protection line a revigoration is possible starting with the second half of the year" and termed his government's program as "very ambitious."

Referring to "the report on the first 10 days" which he will present to Parliament this week, the Romanian premier terms successful "the overcoming of the winter difficulties while the financing sources accounted for about 40 percent of the requirements," "the starting of a string of draft normative acts and bills that will be underlying the government's strategy." He also mentioned negative aspects like "the failure to secure the fuel for the economy, difficulties in ensuring the wheat until the new harvest, as well as those regarding the development of an adequate framework for the strengthening of discipline in the commercial companies."

### Positives, Negatives of Program

*AU0103213493 Bucharest Radio Romania Network in Romanian 2000 GMT 1 Mar 93*

[Text] In a telephone interview granted to the Romanian Radio Station regarding the government's program, Prime Minister Vacaroiu defined as the hot points of the year: to ensure an adequate social protection; and to create conditions for the revival of the national economy, which is possible, according to the prime minister, in the second half of this year.

As key dates of the reform process, the prime minister mentioned 1 May, when the detailed examination of subsidies—which will be discussed and published later—will take place, and 1 July, which was characterized as a difficult moment concerning the introduction of special taxation measures.

In connection with the report of the first 100 days of government, under the chapter "Achievements," Mr. Nicolae Vacaroiu mentioned that the difficulties of this winter have been overcome to a great extent, while financing sources represented only 40 percent of the necessary amount; he also mentioned that draft norms were issued and a long term economic development strategy was established.

As negative aspects, the prime minister mentioned the lack in fuel and (?wheat) supply and negative aspects in creating the necessary framework to strengthen discipline within commercial companies.

### PUSD Leaders Support Program

*AU0103154093 Bucharest ROMPRES in English 1234 GMT 1 Mar 93*

[Text] Bucharest, ROMPRES 1/3/1993—"A new crisis starts, the foreign debt crisis, that leads to the paralysis of our economic life," said Gheorghe Stroie, member of the Steering Committee of the United Social-Democratic Party [PUSD], in a news conference of the party, on March 1.

In the same framework, Radu Theodoru, party's chairman expressed the "positive, creative and cooperative view with the Vacaroiu government" and Nicolae Dide, deputy chairman, mentioned: "We will support the government's efforts toward protecting the population against the effects of the economic crisis and will disjoin ourselves from any government action that might endanger social security and the chances of revigoration of the Romanian economy."

In the same news conference, President Ion Iliescu's recent visit at the NATO was assessed "not only as necessary but also as having very urgent, wide implications for Romania's very existence as a sovereign and independent state."

### PNTCD Criticizes Government Program

*AU0103180293 Bucharest ROMPRES in English 1544 GMT 1 Mar 93*

[Text] Bucharest, ROMPRES 1/3/1993—"Our meeting with President Iliescu, by an almost ritual pattern, last week, led to no conclusion that could beget political events," National Peasant Christian Democratic Party [PNTCD] First Vice-President Ion Diaconescu told the press at the news conference of Monday, 1 March.

The PNTCD criticized the government for the procrastination of defending its programme before parliament and cautioned that what everybody expected from the government is not a strategy for the next 10 or 50 years, abundant in general statements, but a clear governing programme for the next four years, proposing concrete measures for overcoming the present crisis. PNTCD brought into relief what it called the contradiction between the 1993 austerity budget and the increase of the budget deficit, showing that "an austerity budget should hold true for the government as well, not only for average people."

Ion Diaconescu welcomed the union of the National Liberal Party (PNL) with the New Liberal Party (NPL) and the election of Mircea Ionescu-Quintus as president of the new party and announced PNTCD's intention to support the PNL's possible joining the Democratic Convention of Romania (CDR) "because thus the opposition will become stronger."

### ROMPRES Refutes Tokes' 'Pogrom' Allegations

*AU0103154193 Bucharest ROMPRES in English 1250 GMT 1 Mar 93*

[Text] Bucharest, ROMPRES 1/3/1993—Reformed Bishop Laszlo Tokes told the Budapest correspondent of Bucharest public radio that "negative processes of assimilation of Hungarian nationals and at least indirect influences apt to make them leave the country" are going on in Romania now. On a visit in Hungary, as part of a delegation of the Hungarian Democratic Union of Romania, Laszlo Tokes said that "tens and tens of thousands of Magyars left Romania after 1989" as well as "hundreds of thousands of Germans," wanting to escape the process of assimilation they were submitted to by Romanian authorities." The reformed bishop dubbed the action "an ethnic purge." Developments such as those of 1990 of Tirgu Mures were "a pogrom," a provocation aimed at "national intimidation." Mr. Tokes said he had spoken about that at a press conference in Washington.

The Magyar minority represents 7.1 percent of Romania's population. According to a last year's census, Romania counts 22,760,449 people, of which 20,352,980 Romanian nationals, 1,620,199 Hungarian nationals, 119,436 German nationals, and the remaining 650,000, Gypsies, Ukrainians, Russians, Turks, Tartars, Serbs, Slovaks, Bulgarians, Jews, Croats, Czechs, Poles, Greeks, Armenians, etc. The number of Hungarian nationals grew by 7.1 percent from 1977 to 1992. The number of German nationals decreased dramatically in the eighties, owing to emigration for economic and family reasons primarily.

The Hungarian minority is represented in Parliament by the Hungarian Democratic Union of Romania [UDMR], an ethnic party that got 12 seats in the Senate and 27 in the Chamber of Deputies in the September 1992 elections, representing 8.39 and 9.15 percent respectively of the seats of the two chambers.

The events in Tirgu Mures was a well-known case of disinformation. A Romanian, Mihaila Cofariu, was shown by several TV posts in Europe while beaten by Hungarian ethnics, and presented as a Hungarian beaten by Romanians. Starting from that Magyarophone circles spread the idea of a "pogrom" against the Magyar minority of Romania.

### Tokes' 'Ethnic Cleansing' Statements Condemned

*AU0103175893 Bucharest ROMPRES in English 1633 GMT 1 Mar 93*

[Text] Bucharest, ROMPRES 1/3/1993—Socialist Labor Party (PSM) Vice-President Tudor Mohora warned at a newsbriefing given by his party Monday, 1 March about the radicalization of the Democratic Union of Hungarian in Romania (UDMR) actions, whose leaders "count on the complicity of the rightist political leaders in Romania who cover their anti-Romanian activities." To this effect, he quoted the recent statement made by Bishop Laszlo Tokes according to which Romania is resorting to "ethnic cleansing," as well as other UDMR actions. Mohora expressed his party's "utmost apprehension about such fabrications that could lead to unimaginable consequences."

### Parlimantarians Say Allegations 'Untruthful'

*AU0103201093 Bucharest ROMPRES in English 1843 GMT 1 Mar 93*

[Text] Bucharest, ROMPRES 1/3/1993—At the Monday afternoon meeting, 1 March, of the Romanian Parliament's lower chamber, deputies representing all parliamentary groups were unanimous in condemning recent statements made by Pastor Laszlo Tokes at Washington and Budapest about a would-be "ethnic cleansing process" going on in Romania.

Civic Alliance Party president (PAC) Stelian Tanase expressed his "total disagreement" with the opinions of Pastor Laszlo Tokes, which he labelled as a "devoid of any ground and untruthful," while Democratic National Salvation Front (FDSN) member Petre Turlea termed them as a "gross mystification of reality in Romania by fabrications and distortions."

Christian Democratic National Peasant Party (PNTCD) Vice President Ion Diaconescu openly voiced his disapproval of the bishop's position which he termed as "extremist outbursts." Iuliu Furo, Greater Romania Party (PRM), "firmly rejected these inamicable statements about the Romanian people" on behalf of his party.

Romanian National Unity Party (PUNR) deputy Valeriu Tabara blamed the pastor for his "denigration of the Romanian people," which could foster interethnic frictions.

Silviu Somacu, another PSM [Socialist Party of Labor] deputy uttered "revolt" to Tokes's "dangerous concoctions" and "aberrant ideas."

Speaking on behalf of the liberal group, Dinu Patriciu, found the pastor's ideas as "deviating from the truth and instigating to extremism."

National Salvation Front (FSN) President Petre Roman qualified the statement made by Pastor Tokes as "hostile" and Social Democratic Party of Romania (PSDR) president as "unjust and unacceptable."

Hungarian Democratic Union of Romania (UDMR) member Gyorgy Tokay took the floor and asked that the speakers give up an emotional approach and found it "wrong and inappropriate to speak about ethnic cleansing in Romania," saying that "no man of sound judgment wants Romania compared to the situation in former Yugoslavia," but he claimed that ethnic discrimination in administration and culture still exists, and that existing problems should be solved by dialogue.

Deputy Tokay's viewpoint triggered an avalanche of protests from the members of the house, who considered that the UDMR deputy had failed to give an explicit and straightforward answer to the request made by representatives of all parliamentary groups that the UDMR defines its position to the recent statements of the pastor.

Relative to the opinions expressed by Laszlo Tokes the Chamber of Deputies demanded the Romanian authorities to take a clear public stance, on the strength of the truth that in Romania the laws grant rights for all its citizens and that no attempt at undermining the national interests of Romania as an independent and unitary state could be tolerated.

### Tokes' Washington Statement Condemned

*AU0103213093 Bucharest ROMPRES in English 1934 GMT 1 Mar 93*

[Text] Bucharest, ROMPRES 1/3/1993—While taking note of the statement made by Pastor Laszlo Tokes in Washington and reiterated in Budapest, according to which Hungarians in Romania are subjected to a so-called "ethnic cleansing process" with the purpose of eliminating the Hungarian and other minorities in Romania, the Civic Alliance Party (PAC) parliamentary group is hereby expressing its disapproval of such a groundless statement.

The Civic Alliance Party finds the recent statement by Pastor Laszlo Tokes as a purposeful lie. The PAC parliamentary group considers that the statement harms Romania's national interests and that such wordings like "forced assimilation," "ethnic cleansing," "anti-Hungarian pogrom" can only generate interethnic tension where there is none.

Considering the fact that the Civic Alliance Party has always shown understanding to the situation of ethnic minorities and has militated for them to enjoy all the rights granted to them by international standards, we are the first entitled to demand the UDMR (Democratic Union of Hungarians in Romania) to define its position to the untruthful statements made by Bishop Laszlo Tokes, the statement writes.

### Tanase Views Reform Program, Possible Cabinet Reshuffle

*AU0103135993 Bucharest ROMPRES in English 0939 GMT 1 Mar 93*

[Text] Bucharest, ROMPRES 1/3/1993—"Romania is holding now a program of governing for the first time in

45 years," stated Stelian Tanase, Vice President of the Civic Alliance Party [PAC], in an interview granted to the daily ORA. "The reform program seems to have even more liberal elements than expected. This program belongs to the [Chairman of the Council for Coordination, Strategy, and Economic Reform] Misu Negritoiu team, for the Government is made up of several conservatory and reformist teams. I do not know which is to gain victory out of this tension. We are hoping that the liberal elements will. That is why, if the question is raised of a government with more reformist elements, we agree that the current Government has to be reshuffled or changed. However, if it is a question of a reshuffle with conservatory elements, we do not agree," Tanase said. The PAC official pointed out that "a governing alternative is, on one side, the Democratic Convention of Romania, and on the other, the Greater Romania Party [PRM] and the Socialist Party of Labor [PSM] together with their allies. People believe that if this government is to fall, the next one will be formed by the National Salvation Front [FSN], PAC, and the National Peasant Christian-Democratic Party [PNT-CD]. I think we are quite unreasonable if we believe the things will go that way. If the Government will fall under social pressure, its place will be undoubtedly taken by a populist government," the PAC official said.

### Ministry Claims Oil Industry Decline Stopped

*AU0103180093 Bucharest ROMPRES in English 1628 GMT 1 Mar 93*

[Text] Bucharest, ROMANIA 1/3/1993—Romania drilled out 6.6 million tonnes of oil in 1992 thus topping the very best production year of the pre-war capitalistic period, 1938, announced officials from the oil and gas department of the Ministry of Industry, at a news conference.

After a continuous decline since the middle 70's with a severe fall after 1989, a stop in the decreasing production curve was marked in 1992.

The officials estimated that about 14 million tonnes of oil would match a proper annual consumption of the Romanian economy. As the domestic oil production is to reach 6.7 million tonnes, that extractive industry would reduce the hard currency effort of the country by $800-900 million, at the international market prices. Still $850-1,000 million would be needed to import about 7-7.5 million tonnes of oil in 1993. These figures were considered by the ministry officials as relevant for the importance of the domestic oil production, which would be able to ensure a minimal activity of the national economy under the circumstances of a contingent hard currency shortage.

The domestic oil is sold on the internal market at 42,225 lei ($75) per tonne, considerably lower than the international market price. Thus, the pressure on the costs of the domestic oil by-products is lower than that of imported oil ones resulting in a alleviating action on inflation, said the ministry officials.

The methane gas production fell to 22.1 billion cubic meters in 1992 from 28 billion cubic meters in 1980. However, an equilibrium was attained in that field, which was considered as a success.

The officials further pointed out some traits of the strategy to revigorate the oil and methane gas extraction:

—To intensify the geological prospecting, overhauling of well equipments, actuating of new oil wells;

—To start the operations at the "Lebada Vest" offshore deposit in the Black Sea;

—To promote a new law of the oil matching the land law and the law of environment protection;

—To privatize the oil companies, 14 such small companies being proposed for sale on 1993;

—To facilitate the foreign investors' activities;

—To complete the studies agreed upon with international organizations concerning the restructuring and increase of production, protection of the environment, improvement of the distribution and transport systems as well as financing these projects.

### Knowledge of Arms Delivery Accord Denied

*AU0103145693 Bucharest Radio Romania Network in Romanian 1100 GMT 1 Mar 93*

[Text] In connection with the piece of news that was published yesterday in the British publication THE OBSERVER and was taken over by the newspapers EVENIMENTUL ZILEI and ROMANIA LIBERA, according to which alleged negotiations were held in Romania regarding the conclusion of an accord through which Russia pledges to deliver weapons to Serbia, the Army's press bureau sent a faxed statement to our editorial office, which says the following: The Ministry of Defense of Romania does not have any information regarding the negotiations that THE OBSERVER is writing about.

### Spiroiu Briefs Attaches on Army Modernization

*AU2502223493 Bucharest ROMPRES in English 1454 GMT 25 Feb 93*

[Text] Bucharest, ROMPRES 25/2/1993—High officials in the Defence Ministry of Romania met Thursday, February 25, with military attaches accredited in Bucharest, announces the press office of the Army.

On the occasion Lieutenant-General Niculae Spiroiu, Romania's minister of defence, informed the attendance about the stage of the restructuring and modernisation of the Army, the ways of action established by the governing programme for this sector.

The participants asked about the concrete results obtained by Romania in the reorganisation of the Army, about Romania's role in stability in the Balkans.

### Army Contradicts Claims of Airdrop Success

*AU0203161093 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 1400 GMT 2 Mar 93*

[Text] U.S. Defense Secretary Les Aspin and Chief of Staff General Colin Powell stated last night that the first American delivery of humanitarian aid by parachutes to eastern Bosnia was a success. We can confirm that many packets landed in the areas within the zone determined for airdrops over Cerska, the Washington statement said.

That is what the Pentagon claims. However, not one single packet of humanitarian aid dropped over the last two nights over the Cerska and Zepa regions has reached those intended to receive the aid. As we have found out from the Bosnia-Hercegovina Army Press Center, 14 crates with humanitarian aid have been located in the Cerska region, but they are inaccessible because of the constant enemy fire. The suffering of the people of eastern Bosnia thus continues.

### Belgrade Radio Notes New Airdrops

*AU0203091193 Belgrade Radio Beograd Network in Serbo-Croatian 0800 GMT 2 Mar 93*

[Text] Three U.S. Hercules transport airplanes last night carried out another mission and parachuted aid consisting of food and medicine over east Bosnia, the British agency REUTER reports.

The airplanes returned to the Rhein-Main base near Frankfurt shortly before 0400 this morning. As with the first mission, for security reasons U.S. military sources did not announce the exact time when the planes took off, nor the location.

UN representatives and U.S. military sources claim that U.S. satellites have determined some of the places where the humanitarian aid fell yesterday. However, citing its contacts with radio ham operators, REUTER reports that the citizens of Cerska and other parts of east Bosnia have not found any package with humanitarian aid yet. There were supposed to be nine of them out of a total of 30 parachutes.

The second U.S. mission followed after four representatives of Bosnian Serbs, Croats, and Muslims carried out an inspection of the aid in Frankfurt.

The representative of the U.S. Air Force did not want to give any details about a new action, but as we have stated, it was carried out last night.

### Sarajevo Radio Reports Airdrop

*AU0203092693 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 0800 GMT 2 Mar 93*

[Text] The U.S. aircraft completed their second mission of dropping humanitarian aid from the air to the residents of eastern Bosnia.

The aid was dropped from three aircraft that had taken off from the air base in Frankfurt last night. They were bound for Zepa on this occasion.

Humanitarian aid was dropped for the first time above Cerska on Sunday [28 February]. The Americans say the satellite pictures show that many packages landed within the targeted zones, but residents claim that not much aid has reached the needy.

### Aid Not Reaching People

*AU0203112593 Paris AFP in English 1105 GMT 2 March*

[Text] Sarajevo, March 2 (AFP)—None of the relief packages dropped in the U.S. airdrop over the last two nights has reached the desperate local residents it aimed to help, U.N. officials and ham radio operators said here Tuesday [2 March].

Barry Frewer, spokesman for the United Nations Protection Force (UNPROFOR) here, said U.S. experts had, using satellite photographs, located all nine packages dropped in the first mission the night of Sunday to Monday near the besieged Moslem enclave of Cerska in eastern Bosnia, which he said was about to fall to the Serbs.

"They did note there were nine palettes or bundles still in the field, not retrieved," he said. Cerska has been cut off from the rest of the republic since the war started nearly a year ago, and thousands are said to be starving. He said it was still impossible to determine if the packages had fallen in a zone controlled by Serbian or by Bosnian forces.

U.N. officials contacted the Presidency of Bosnia-Hercegovina to inform them of the exact position of the nine packages dropped by parachute from three U.S. C-130 transport planes, he said.

Frewer also said the military situation in Cerska was desperate: "It may not have fallen, but it's imminent."

The second airdrop the night of Monday to Tuesday targetted another besieged eastern Moslem enclave, Zepa.

A ham radio operator here, Hinzo Devedzija, said he managed to contact Zepa Tuesday morning. The person he spoke with said no packages had been found as yet, despite patrols sent out in the night and morning.

The contact in Zepa told him the U.S. planes were heard over Zepa around 1:00 a.m. He said nearly the whole town stayed awaked and residents immediately started combing the area, but nothing was found.

In Geneva, U.N. relief officials said residents in Cerska were reportedly killed venturing out to the town's outskirts to search for relief crates from the U.S. airdrop.

Spokesman Ron Redmond for the United Nations High Commissioner for Refugees said his office had had

indirect reports stating that some residents had been killed trying to find the emergency supplies.

### Deputy Premier:Aid in Serb Hands

*AU0103182493 Paris AFP in English 1804 GMT 1 March 93*

[Excerpts] Sarajevo, March 1 (AFP)—Three U.S. Hercules C-130 transport planes dropped more than 21 tonnes of relief supplies onto a besieged Moslem enclave northeast of Sarajevo early Monday [1 March] but a Bosnian minister said the packages fell into Serb hands.

"According to our information, all the packages fell at Cerska into Serb hands," Bosnian Deputy Prime Minister Zlatko Lagumdzija told AFP, saying he had been briefed by U.N. officials here and by amateur radio operators in contact with the region.

U.N. High Commissioner for Refugees officials in Geneva said the loads were destined for Cerska, a Serb-besieged Moslem enclave northeast of Sarajevo whose 30,000 residents have been isolated and starving for several months. [passage omitted]

UNHCR spokesman Ron Redmond said the inhabitants of Cerska, near the Serb border, were dying of starvation every day, and had suffered shelling for several weeks.

Amateur radio operator Himzo Devedzija said after contacting the Moslem town of Zepa, where information about the airdrop was centralised, that none of the containers were found by the Cerska residents. [passage omitted]

Becir Heljic, an official of a group representing inhabitants of southeast Bosnia, said the airdrop was a failure, adding that search patrols in the area had found none of the food or medical supplies parachuted in.

Other local correspondents said that no packages had been found in other Moslem enclaves of eastern Bosnia such as Zepa, Srebrenica or Gorazde. A U.N. road convoy managed to reach Gorazde with relief supplies at the weekend.

Heljic said future airdrops should take place during daylight and at a low altitude. The three transport planes involved in the airdrop overnight Monday had flown at an altitude of approximately 3,000 metres (10,000 feet) for security reasons.

"It could have been even safer: Drop from the space shuttle," Lagumdzija joked.

Referring to the Serbs, the deputy minister added: "The chetniks ran the show. They directed the movie according to their scenario and gave themselves the main role."

"The ones who are laughing are the Serbs," he added.

But U.S. officials in Frankfurt said the operation went well, and that the planes had dropped their loads on target. "We released the load within 65 yards (metres) of where we wanted to," said Lieutenant Colonel Larry Radov. [passage omitted]

### Packages Found Far From Target

*AU0103202293 Ljubljana Radio Slovenia Network in Slovene 1800 GMT 1 Mar 93*

[Text] Amateur radio station operators in eastern Bosnia reported this afternoon that local people have found the first packages of humanitarian aid that U.S. planes dropped last night. However, the packages were found 150 km away from the planned destination, in the region of Tuzla. According to reports by the amateur radio station operators, 27 packages have been found so far, three of them containing medicines and the rest containing food.

### Fighting in Drop Zone Continues

*AU0203110093*

[Editorial Report] Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian at 0900 GMT on 2 March reports an escalation of fighting in the republic overnight. "The situation is currently the worst in Srebrenica." According to the report from the Srebrenica Press Center, read by the announcer, "the aggressor is pounding Cerska and Kamenica with all available means, while powerful infantry troops are charging daily at all lines of defense." The report continues: "Five villages around Cerska that had been destroyed by the aggressor's missiles were set ablaze by the chetnik criminals. Some 300 civilians did not succeed in evacuating them and they probably burned together with their homes, or even worse, were killed in the most brutal manner."

"The aggressor continues his relentless attacks on Gradacac," a report from the Gradacac press center says and adds that "the situation yesterday was particularly explosive on the lines of defense in Novalici, Rajska, Vida and Pozarike." "In the course of the night the aggressor's attacks intensified significantly." As the report says, all artillery attacks were supported by infantry troops and antiaircraft gunfire. The report also accounts for more regrouping of the Serbian troops and military hardware. "Convoys of trucks were moving from Pelagicevo toward Porebrice and from Modrica toward Skugric," the report says. "There are mortar attacks in the region of Lukic this morning," the report concludes.

From Brcko, correspondent Hamiz Deronjic says that "yesterday's combined artillery-tank attack on the lines of the Brcko defense lasted until late last night." According to him, Licki Most, Rijeke, Omerbegovaca, and Dubravice Donje came under attack on that occasion. "The chetniks did not succeed in weakening the lines of defense of the free Brcko territory," Deronjic assures.

From Maglaj, correspondent Hajrudin Permic reports that "the chetniks attacked the lines of the town's

defense with 82mm mortars and antiaircraft guns" last night. As he says, the attack ceased after the town's defenders had responded.

From Olovo, correspondent Velid Dindo says that "the aggressor stepped up his artillery attacks" in the area last night. "More than 100 howitzer missiles landed in the town, the nearby villages, and defense lines," he says. "This morning also," Dindo continues, "explosions and gunfire from infantry weapons can be heard." As he reports, "the defenders are not responding to the chetnik provocations, but when forced to, they act expeditiously and successfully, as it is customary with them."

Describing the situation in Sarajevo, Jadranko Bojovic reports that "the morning in the Bosnian capital is mostly peaceful."

### TANJUG Reports Fighting

*LD0103163993 Belgrade TANJUG Domestic Service in Serbo-Croatian 1446 GMT 1 Mar 93*

[Excerpt] Belgrade, Bijeljina, Pale, Doboj, Bileca, 1 Mar (TANJUG)—TANJUG's correspondent in Bratunac [Serb-held city near U.S. airdrop zone in Muslim areas of Srebrenica and Cerska] reported that the several days of offensive by Muslim forces against Serb positions around Bratunac continued early this morning with most of the fighting taking place to the west and to the northwest of this eastern Bosnian city on the left bank of the Drina. [passage omitted]

### Sarajevo Radio: Gas Used on People Waiting for Airdrop

*AU0103155893 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 1400 GMT 1 Mar 93*

[Report by Salih Brkic from Tuzla]

[Text] The chetnik [Serbian] criminals are continuing their perverse tricks aimed at deceiving the international public even when it comes to the delivery of humanitarian aid by U.S. planes and parachutes, since, as we have learned from the Press Service of the Second Corps Command in Tuzla, while thousands of hungry, cold and weak civilians without shelter around the heroic Cerska and Konjevic Polje were waiting for the planes and parachutes, the chetniks first pounded Cerska with shells and chemical agents from the choking gas group. Then they launched a fierce attack on the route Vlasenica-Rogosija over Gornja Cerska to (?Budogoj) and (?Petrovici). Part of the defense line here collapsed and the civilians fled into the surrounding woods. Who knows if any of the aid has reached those it was intended for? If not, that would help the chetnik aim, which is to prevent at any cost food and medicine reaching Cerska, Konjevic Polje, and Srebrenica, and thus take their war of attrition to its ultimate objective, which is to force the people to leave this area.

The chetniks have again tried to deceive the international community after this crime. The chetnik warlord, former Colonel Slavko Ognjenovic, has told the Serbian media that there has been a heavy Muslim attack on the Bratunac front, probably trying to convince the world that the hungry people and their defenders do not care at all about the packages with food and medicine. We have learned all this from the Second Corps Command.

### Varied World Reaction to U.S. Air Drop

*LD0103182193 Belgrade TANJUG in English 1634 GMT 1 Mar 93*

[Text] Belgrade, March 1 (TANJUG)—Official French sources on Monday [01 March] did not hide their satisfaction with the success of the first U.S. air drop of humanitarian aid to the inhabitants of eastern Bosnia-Hercegovina.

French Foreign Minister Roland Dumas told Radio Europe One on Monday it was a good thing that the Americans joined the Europeans in the mission which is of interest to the whole world because peace was at stake.

TANJUG's Paris correspondent said Dumas noted that the political sphere, meaning a peace plan to end the civil and religious war between Moslems, Serbs and Croats in Bosnia-Hercegovina which has been raging for nearly a year, was most important since it entails an agreement of all factions in the conflict and a deployment of a contingent of some 25,000-30,000 troops.

The contingent would, besides Europeans and Americans, include East European nations, particularly Russia, Dumas said. He noted the matter would be discussed with Russian President Boris Yeltsin at a meeting in Moscow on Tuesday.

Contrary to France's enthusiasm, the French press warned about the 'high risk' of the U.S. operation and the danger of the planes becoming a target of provocations.

Strong doubts in the effectiveness of the U.S. air drop of food and medicine over Bosnia-Hercegovina have induced the North Atlantic Treaty Organization member-states, except Turkey, not to uphold the move, obviously fearing the U.S. move might turn into a military intervention and lead to an escalation of the war in Bosnia-Hercegovina, leading Japanese newspapers said on Monday.

The dailies ASAHI SHIMBUN and JOMIURI SHIMBUN said Alija Izetbegovic's Moslem Government unreservedly supported the U.S. operation since it is in keeping with Izetbegovic's intention to involve the United States in the Bosnian conflict, TANJUG's Tokyo correspondent said.

Austrian commentators and diplomats view the U.S. operation as a symbolical beginning of a greater U.S. engagement in the Balkans which will eventually lead to a direct U.S. intervention against Serbs, TANJUG's Vienna correspondent said.

If a U.S. plane is downed, Clinton will not just be able to react with a diplomatic protest. He must be prepared to, after the first, take the second step which would give a completely new dimension to the war (in Bosnia-Hercegovina), the SALZBURGER NACHRICHTEN daily said in its front-page editorial on Monday.

While the Spanish public was relatively indifferent to the news of the parachuting operation, Spanish political circles are satisfied that it began without any problems and hope it will end in the same fashion soon.

### UN Ambassador Views U.S. Involvement, Talks

*AU0103205693 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 1800 GMT 1 Mar 93*

[Interview with Muhamed Secirbey, Bosnia-Hercegovina ambassador to the United Nations, by Mujo Delibegovic in New York; date not given—recorded]

[Text] [Delibegovic] You recently took part in the talks that President Alija Izetbegovic held in Washington with top U.S. officials, with Vice President Gore, among others. What are your impressions of these talks, and what was their dominant topic?

[Secirbey] I think that the most important thing is that Vice President Gore feels very compassionate toward our people, that he feels very badly that this situation is still going on, and that the United States perhaps should have done something more in Bosnia. But I think that he expects the contacts [words indistinct] and that it will yield results. They [words indistinct] this moment there is a need to go ahead with these talks with Messrs Vance and Owen, but it is clear that they expect different results in New York from those achieved in Geneva. Now is the time to see what kind of different results can be achieved in New York. We told them it was very important that the heavy artillery throughout Bosnia should be placed under the effective control of international armed forces, and that Sarajevo and our other cities should be (?liberated).

I believe that they were sympathetic to what we were asking, as they believe it is very important, too—that it is important that this be done, and not when the talks are over but while they are still going on. After all, they agree with us that, while the lives of our people are in danger, the talks are taking place with us as if we had a gun pointed at our heads. It is of vital importance that the lives of our people be saved.

[Delibegovic] How do you see this U.S. operation of airdropping aid, which is an engagement of sorts, and a direct one at that, by the United States?

[Secirbey] We are grateful for the move. It remains to be seen how successful it will be. We know that it is increasingly hard for our people, particularly in eastern Bosnia, to survive this winter, and we expect that the United States will do all that is needed to help our people. God willing, this operation will be [words indistinct] but we do not know, we have to see the results. The other important thing is that the U.S. says it will do all that is needed to help our people survive, and that it will not allow the aid to be stopped by some crude manipulations by the chetnik army. That resembles, at least to my eyes, the situation in Berlin 30 [number as heard] years ago.

[Delibegovic] President Izetbegovic held talks yesterday with the two new men in the negotiations, Bartholomew [U.S. special envoy to the talks] and Churkin [Russian deputy foreign minister amd secial envoy to the talks]. How do you assess these talks?

[Secirbey] Well, it is the beginning of a process. We believe that this process will go on for a long time, and that it is important that while the talks continue, we insist that our people be saved, and that what we want is real peace. I think that both of them realized that; and I believe that Russia will show itself to be a friend of all the Slav peoples, not only the Serbs. After all, we know that when it comes to a struggle, we are struggling for all those who have emerged out of the evil communist regimes, and that the Russians, who are now, God willing, heading toward democracy, should fight against the old system, since, in the same way as it attacked us, it could attack the Russian democrats.

On the other hand, I think that the Americans have more understanding of our situation. It is a pity that they did not get involved earlier, but now that they have I think that we can expect more of an engagement on their part, and even perhaps a larger military role to bring peace to our country.

[Delibegovic] At the moment it seems absolutely certain that there will be talks in New York, but we do not know exactly when they will start or who will take part in them. What do you expect from this round of talks?

[Secirbey] One thing is clear: Dr. Haris Silajdzic [Bosnian foreign minister] is the head of our delegation and we have a delegation that will participate in the talks, a delegation that represents all the ethnic groups and political parties in Bosnia-Hercegovina. Apart from that, I do not know how long our president will stay, under the circumstances. We believe it is very important that our president tell the world that he wants peace, but that he cannot sit around a table for days on end, since he has his duties in his country to go back to; and finally, we have very capable people to participate in the talks.

[Delibegovic] Will Mr. Mile Akmadzic, Bosnia-Hercegovina's prime minister, take part in the talks, considering that he has developed a somewhat curious habit of writing to various U.S. senators and denying that Messrs Izetbegovic and Silajdzic have the right to represent all three ethnic groups?

[Secirbey] I think that Mr. Akmadzic will take part, but in Mr. Boban's delegation. I believe that Mr. Akmadzic

most certainly has the right to participate in the talks in whichever delegation he chooses.

### Izetbegovic Not To Participate in New York Talks

*AU0203104393 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 0900 GMT 2 Mar 93*

[Text] As part of the latest round of peace talks, the international mediators Cyrus Vance and Lord Owen yesterday met with Alija Izetbegovic, president of the Bosnia-Hercegovina Presidency, the BBC reports.

President Alija Izetbegovic stressed that he would not lead the Bosnia-Hercegovina delegations in the talks. The head of the Bosnia-Hercegovina delegation is [Bosnian Foreign Minister] Haris Silajdzic, said the president of the Presidency of the Republic.

As the Croatian radio reports, upon his arrival in New York President Izetbegovic stressed that he had come to discuss the continuation of the talks, but would not take part in this round of the negotiations.

### Links Talks, Military Document

*LD0203113693 Belgrade TANJUG in English 1108 GMT 2 Mar 93*

[Text] Washington, March 2 (TANJUG)—Bosnian Moslem leader Alija Izetbegovic said on Monday [1 March] that the Moslem delegation would continue to negotiate at the talks on Bosnia-Hercegovina in New York only if the talks first focus on the military document, then the constitutional principles, and, finally, on the maps.

Addressing the Carnegie Endowment in New York on Monday, Izetbegovic warned that the Moslem delegation would consider the possibility of walking out on the talks if it was asked to discuss the maps first. The Moslem delegation in New York will not sign the document on the maps in its present form, he said.

The plan drawn up by cochairmen of the conference on former Yugoslavia Cyrus Vance and Lord Owen included a division of the territory of Bosnia-Hercegovina into ten provinces, [words indistinct] Moslem leadership of this former Yugoslav republic is against this proposal, insisting on a unitary Bosnia.

Izetbegovic made it clear that he was in the United States (U.S.) at the invitation of the U.S. Government and that he was not a member of the negotiating team, explaining that the delegation was headed by Foreign Minister of the Moslem-Croat Government Haris Silajdzic.

Asked to explain how he planned to resolve the military situation, which he had described as extremely difficult, Izetbegovic said that he would do his utmost to secure weapons.

The United Nations (U.N.) Security Council introduced an embargo on arms exports to the territory of former Yugoslavia last year.

Izetbegovic was also asked to comment claims by Prime Minister of the Moslem-Croat Government Mile Akmadzic that Izetbegovic could not appear as president of Bosnia-Hercegovina because his mandate expired in December last year. Izetbegovic explained that his term of office had indeed expired in December, but that the constitution envisaged the mandate to be extended if the country was at war, and that his legal position was therefore perfectly clear.

### Commentary Views New York Negotiations

*AU0103115793 Sarajevo JAVNOST in Serbo-Croatian 20 Feb 93 p 2*

[Commentary by Kolja Besarovic: "Serbs Want No Ghettos"]

[Text] Although the ostensible silence after the first round of New York negotiations should have been used for the further promotion of the Geneva project, that is to say the elimination of remaining obstacles, at this moment the future of both the Vance-Owen plan and the possibility of further "harmonization of views" at the East River, with the presence of all warring factions, is completely unpredictable, despite the almost unanimous support of all crucial international factors. This, of course, does not mean that the Security Council will give up the announced handling of the Bosnia-Hercegovina crisis. It is quite probable that this body will soon administer the verification of the complete document of the two cochairmen; however, it is just this seemingly peacemaking step that might tie a new knot followed by (un)predictable complications.

To put it simply, a resolution with such a concept, presuming that it includes the disputed maps as definite solutions, would be seriously flawed, despite the "impressive" support of high officials. It is the fact that if the resolution were to be adopted, that would be without the consent, and against the will of one of the three most concerned sides, namely the Serbian side. If we put aside for a moment the question of Muslim readiness at least formally to give the "green light" to establishing provinces within a unitarian state, it is quite clear that Serbian dissent would definitely disable the implementation of the project at the very start, and if not, then it would at least drive their guarantees into a tough dilemma, that in its end effect is reduced to the choice between giving it up (or possible modification), or undertaking some other concrete methods of "educative" bringing to their senses.

Some people may think that such forecasts, introduced in the most delicate moment of the peace conference, are unconstructive and overambitious, however, they are based on real indicators of the ever more obvious gap between the Serbian constructive minimum and the Geneva-New York games. The leadership of the Serbian republic [of Bosnia-Hercegovina] has been as far as possible deprived of maneuverable space; to be precise,

it is reduced to the choice between two equally unacceptable alternatives. Any choice is impossible, if one knows that by signing the first, for Serbs allegedly the more favorable map, the "Balkan rebels" would be renouncing their strategically and economically crucial territories, which is to say that they would be closed within ghetto-like enclaves.

**Pressure**

Although the Serbian delegation, rejecting the unacceptable solutions, had presented its central statements to the cochairmen before it left New York, Vance and Owen are not giving up the intention to force the Serbs, if possible before the session of the Security Council, by "elegant" modes of pressure to voluntarily agree upon the already prepared screenplay. They are thus using all possible weapons in this complicated game so that the public has perfidiously been given the impression, or rather the false image, of the Serbian delegation's actually accepting the proposed maps but having certain observations that will need to be further considered. By accepting such "coordination of attitudes regarding really indisputable maps," the victim would, actually, be silently consenting to an unacceptable territorial division, which is to say it would be dragged into a process of territorial hair-splitting, in which every unimportant correction would be presented as a significant concession to Serbs. Of course, it is not by mere chance that the whole peace negotiations have moved into New York, where, under the supervision of the United Nations, and by the humiliating treatment of the Serbian delegation (limiting their movement), they want to speed up the whole process.

Because of all this, the Serbian negotiators' intention to curb the disadvantageous process through the radicalization of their views, regardless of the obvious unpredictable consequences, is entirely understandable. Their insistence on returning the conference to Geneva is not only a symbolic move, because the team from Pale demand, without questioning all the Vance-Owen diplomatic results accomplished so far, that the entire process start from the very beginning, at least in terms of ethnic division. Instead of the existing more or less unacceptable maps, it will be proposed that the two cochairmen start again with the delicate job, but this time with far more regard toward historic, economic, and ethnic criteria, and also observing the will of the people in disputed regions.

Since it is hard to believe that Vance and Owen, and particularly those who stand behind their project, will accept the "undermining of the only possible compromise," the logical question appears to be what the consequences of the Serbian definitive rejection will be. At the present moment it is quite impossible to assess whether the crucial international factors will definitely reject the Geneva project themselves (which is less probable), or if they will try to force it out as an obligatory document of the Security Council. Nevertheless, it is quite certain that the reaction to any stern Western threat will be a correspondingly unpleasant "map" from the Western Serbs.

**Referendum**

It is, of course, a referendum that should decide upon the union of the Serbian Republic and the Republic of Serbian Krajina, and that would at least partly fulfill the right of the Serbian people living westward from River Drina to the much desired self-determination, even if we consider the extremely unfavorable circumstances. It is no secret that the Krajina leadership suggested the union even before, but Radovan Karadzic, observing Vance's plan, insisted on the gradual merging of two Serbian states. The process of uniting seems to be accelerated by international factors that not only tolerate the Croatian aggression on the territory under UN protection, but also, by cynically announcing the withdrawal of "blue helmets" are blackmailing the people of Krajina to accept new solutions that would, actually, lead to the restoration of Croatian sovereignty in those regions.

It is clear that to establish the union of two unrecognized Serbian states would add even more tension to the Yugoslav crisis, because it is improbable that international political moguls would calmly get over it. The other question is what the concrete steps in the given situation would be (and what the West can do), that is to say, whether the Serbian union would result in an intensification of already severe sanctions (new retaliation for the FRY because of the misbehavior of western Serbs), or if Clinton would give in to advocates of a radical course, and, at least temporarily, return to "war games", notwithstanding the obvious desire to settle up problems in his own house? Certainly, it is unpredictable how Russia would react to such a course of events. Its balanced policy, apart from its positive results, just in these moments causes anxiety among the Bosnian Serbs that Moscow might be used as a decisive factor in forcing out the unfavorable Geneva maps.

Since nothing is impossible in politics, we can still expect a compromise to be found in obscure Geneva-New York games, that might at least temporarily stop the radicalization of the Serbian attitude (union), that is to say, could preserve the Vance-Owen peace proposal for the time being. However, in the long run, that would be only one more strategic move, and no definitive break from the idea of union, that is in essence not radical at all, because the western Serbs have no other alternative.

## Serb Leaders Ponder UN War Crimes Tribunal

*AU0103215193 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 1800 GMT 1 Mar 93*

[Text] The Bosnia-Hercegovina Ministry of Internal Affairs has information that, in connection with the recently adopted decision by the Security Council on the establishment of an international war crimes tribunal for the territory of the former Yugoslavia, Radovan Karadzic [Serbian Republic of Bosnia president], Nikola Koljevic [former Serbian representative to the Bosnian

Presidency], Momcilo Krajisnik [Serbian Republic of Bosnia assembly president], and Biljana Plavsic [former Serbian representative to the Bosnian Presidency] held an urgent session in the Yugoslavia hotel in Belgrade.

They analyzed the documents on the crimes of genocide, systematic rape, and ethnic cleansing committed against the innocent non-Serbian civilian population of Bosnia-Hercegovina, which had been brought to them from London by Aleksa Buha, foreign minister of the so-called Serbian Republic, and which were compiled by independent humanitarian groups and individuals.

Karadzic and his colleagues were in agreement in the assessment that they would not be able to avoid responsibility before an international court. They expressed dissatisfaction with the inconsiderate behavior of some of their followers and stressed that these have been causing them some embarrassment on the international scene. In that context, they mentioned Bozidar Vucurevic [Serbian leader in Hercegovina], branding him a man without an ear for diplomacy who ordered the eviction of the entire non-Serbian population from Trebinje during the peace talks in New York, instead of waiting just a few days before doing this without the presence of the media, which would have created the same impression of a pure Serbian territory but without all the trouble.

They concluded at this meeting that they would have to give representatives of international organizations, and the future international tribunal, their own evidence about crimes committed against the non-Serbian population. A heated debate followed, in which Karadzic justified his acts by saying that in the defense of the Serbian interests in Bosnia, he had supported the use of force, but under the international code. Koljevic stated that he had always been a humanist and a pedagogue and that he did not always approve of brutal mass killings. Ms. Plavsic was more deliberate, saying that she had criticized thousands of fighters and lower ranking officers that she visited throughout the so-called Serbian Republic because they were too brutal toward the imprisoned Muslim women. It was only Momcilo Krajisnik who tried to be on the level at this meeting by saying that they had to be decent enough to admit that everything that had been done in Bosnia was their doing, and that they were just as responsible for it as were Messers Maksimovic [Serbian Democratic Party parliamentayr caucus head], Ostojic [Serbian Republic of Bosnia minister without portfolio], and others.

Karadzic did not accept this proposal for collective responsibility, so he sidetracked the discussion. He suggested—and this was endorsed by Koljevic and Plavsic—that Velibor Ostojic, Petko Cancar, and Ljubo Ninkovic should be held responsible before the international organs for the events in Foca, as they were responsible preparing the revolt and conducting military operations in that area. Also, as Karadzic said, these men had been praised by the assembly and other bodies of the so-called Serbian republic for their successes.

They also agreed to use the same strategy of having Radoslav Brdjanin answer for the situation in Prijedor, Bozidar Vucurevic for the one in Trebinje, Dusko Kornjaca for Cajnice, Miroslav Deronjic for Bratunac, Milenko Stanic for Vlasenica, Perisic [name indistinct] for Visegrad, Milan Novakovic for Bijeljina, Slavoljub Dalovic and Ilija Guzina for Gacko, Stevan Beplac for Bihac, Miroslav Vjestica for Bosanska Krupa, Nedeljko Prstojevic, Radoslav Unkovic and [name indistinct] Kovac for Ilidza, Ratko Adzic for Ilijas, Ilija Pintor for Vogosca, and Mico Stanisic for Pale. They agreed that Momcilo Mandic and Slobodan Skripina, as those most responsible for the failings in the camps and prisons, should answer for them.

It is obvious that Karadzic and his four-member chetnik gang are determined to try to remove any responsibilities from themselves and wash their bloody hands of the crimes committed against the people of Bosnia-Hercegovina by offering their own list of criminals from their own ranks. It is true that Ostojic, Maksimovic, Vucurevic, and others have thousands of killed, raped, and evicted on their conscience, but it is also well known that this "Gang of Four" created, inspired, and incited crime. They have to sit in the first row in the court. Ostojic, Vucurevic, and others can sit right behind them. This is said in the statement by the Bosnia-Hercegovina Ministry of Internal Affairs.

## UNPROFOR Reports 'Increased Combat' in Sarajevo

*AU0103130893 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 1100 GMT 1 Mar 93*

[Text] The UN Protection Force [UNPROFOR] observation posts yesterday noted increased combat activities in Sarajevo, especially in Stup, Kobilja Glava, and Butmir. Six mortar rounds landed in the vicinity of the Egyptian battalion, but no one was injured.

According to the UNPROFOR observation posts' reports, the aggressor fired 530 grenades of various caliber at the town and the defenders' positions. The defenders responded adamantly, firing (?349) grenades at the chetnik positions. Although there were some sporadic fierce clashes in the vicinity of the airport, the humanitarian link with the world remained open, and 18 aircraft with food landed there.

## Army Reports Frequent Violations of No-Fly Zone

*AU0103131793 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 1100 GMT 1 Mar 93*

[Text] Despite the UN resolution banning flights over Bosnia-Hercegovina, the aggressor during February stepped up his use of air forces and combat air operations, the Bosnia-Hercegovina Army press center reports.

In the last month, 103 flights by the aggressor's aircraft were observed. Out of these, 38 flights were by airplanes

and 65 by helicopters; the planes belonged to the Jastreb and Galeb classes and the helicopters to the Gazela and (?MI-8) classes.

Thirty-two aircraft carried out combat operations against urban areas and civilian quarters, while the remaining airplane and helicopter flights were aimed at surveillance and the transport of manpower, ammunition, and other deadly means.

The Jastreb airplanes dropped cluster bombs and fired rockets and (?splinter) bullets in the region of Srebrenica. As a result of their activities, 81 people died and more than 200 civilians and fighters were wounded.

The remaining airplane flights were noted in the region of Bratunac, Bjeljina, Brcko, Doboj, Zavidovici, Gradacac, and Maglaj. The intensity of the flights by the aggressor's helicopters on the Sekovici-Majevica route was particularly high.

The airplanes were taking off from the territory of the Republic of Serbia—from the Kraljevo and Ponikve airports near Titovo Uzice—while helicopters were taking off from a heliport in Banja Luka.

### Artillery Attacks From Croatia Reported

*LD0103175293 Belgrade TANJUG in English 1627 GMT 1 Mar 93*

["Pool" item]

[Text] Belgrade March 1 (TANJUG)—Eight shells were fired on Monday [1 March] morning on the town of Brcko, northern Bosnia-Hercegovina, from the territory of the Republic of Croatia, the eastern Bosnian Corps of the Army of Bosnia-Hercegovina Serbs (VRS) said.

Brcko is controlled by Bosnia-Hercegovina Serbs.

The shells were fired from the direction of Rajevo Selo, a village on the left, Croatian bank of the Sava river which separates Croatia and Bosnia-Hercegovina.

Brcko was attacked from Croatia's territory also on Sunday night, when two civilians were wounded. At around midnight, artillery fire was opened from the direction of Rajevo Selo on the villages along the Semberija-Bosanska Krajina corridor connecting eastern and western Bosnia.

The army units of Bosnia-Hercegovina Croats based in Orasje, northern Bosnia, on Monday resumed artillery-infantry attacks on Serb villages around Samac.

A Moslem infantry-artillery attack on the Serb municipality of Ilijas, near Sarajevo, early on Monday was followed by fighting in the afternoon. The Army of Bosnia-Hercegovina Serbs has launched a counteroffensive, the Army sources said.

Bosnia-Hercegovina Moslem forces on Monday launched a fierce attack on the Serb positions in Sarajevo's Serb suburb Vogosca.

Moslem-controlled Radio Sarajevo said the fighting in Vogosca continued on Monday afternoon.

According to the same source, there were only sporadic provocations in other parts of the Sarajevo front on Monday.

### Talks Resume To Establish Cease-Fire in Krajina

*AU0103214893 Paris AFP in English 2050 GMT 1 Mar 93*

[Excerpts] Geneva, March 1 (AFP)—Talks to establish a ceasefire in Krajina, a Serbian enclave in southern Croatia, resumed Monday [1 March] at the international conference on former Yugoslavia. [passage omitted]

Krajina's "president," Goran Hadzic, is representing the enclave in these talks. He met Monday with two high-ranking officials from the conference, U.S. Ambassador Herb Okun and German Ambassador Gert Arens.

Late Monday sources close to the conference remained tight-lipped about the results of Monday's talks before discussions that Okun and Arens were to have Tuesday with the Croatian delegate, Defence Minister Gojko Susak. [passage omitted]

### RSK Leader Declares Readiness for Concessions

*LD0103212293 Belgrade TANJUG Domestic Service in Serbo-Croatian 2010 GMT 1 Mar 93*

[Text] Geneva, 1 Mar (TANJUG)—The only real and lasting solution between the two warring sides—the Republic of Croatia and the Serb Krajina—is to come out on the frontline and to delineate territories, which would prevent the war from spreading, Goran Hadzic, president of the Republic of Serb Krajina [RSK], told TANJUG today.

Any option which does not recognize the RSK is a war option, Hadzic said today after talks in Geneva with Ambassador Herbert Okun and Gert Arens, chairman of the working group for minorities. Hadzic assessed that this was the condition for normalization of relations with Croatia and for opening lines of communication.

He added that the RSK is ready, if necessary, to make some concessions, to move its border by a few kilometers.

Hadzic explained that he requested Okun and Arens to impress on Croatia in Geneva—where the negotiations which started in New York are continuing—that it must observe the principle that no right can be achieved on the basis of aggression.

"In order to prevent further deaths among Serbs in Krajina, we have agreed to make some concessions, which we agreed on in New York," Hadzic went on to say. These concern the Maslenica bridge, Zemunik airport, and the Peruca Dam, which the Serb side is willing to place under UN Protection Force [UNPROFOR] control.

Hadzic noted the Serbs insisted during consultations today that details regarding the mentioned facilities be worked out. He added that the Krajina Serbs stressed that no political solution would be reached as long as Croatia does not observe UN Security Council Resolution 802.

"Although we undertook these talks only as a preliminary, we have also undertaken to discuss a political solution if this would help Croatia to withdraw from the territories against which it carried out aggression on 22 January," Hadzic added. He stressed that it is expected that the chairmen of the talks will put strong pressure on Croatia tomorrow.

The RSK president maintains that "the cause of the aggression," as Tudjman explained, has been removed because the Serb side is willing to put the Maslenica bridge under UNPROFOR control, provided that both sides will be able to use it. Hadzic specified that the Maslenica bridge would allow the Serb side to have access to the sea, and Croatia to reconnect north and south.

"It is clear that there can be no peace as long as Croatian territory is cut into two halves by us," Hadzic said when voicing readiness to make concessions.

At tomorrow's talks with Okun and Arens, the Serb side will present its proposals on how to resolve the issues of the bridge, the dam, the airport, the line of conflict and the situation on the fronts. Hadzic stressed that all these proposals make sense only if the UNPROFOR mandate is extended by a year.

The RSK president said that he will brief his collocutors about an analysis showing that radiation in areas where the Serb people in Croatia live is slowly taking its toll. Dangerous changes have been noticed in the blood of several babies. He expressed grave concern over the fact that Croatia is storing radioactive waste material. He drew attention to the fact that a considerable share of the sum of $700 billion earmarked in the world for this purpose is set aside for Croatia.

### Krajina Minister Expects New Negotiating Pressures

*LD2802155993 Belgrade TANJUG in English 1445 GMT 28 Feb 93*

[Text] Kragujevac, February 28 (TANJUG)—Republic of Serbian Krajina Foreign Minister Slobodan Jarcevic assessed that the Geneva talks on Monday [1 March] devoted to events following Croatia's aggression against the Republic of Serbian Krajina, would be difficult and with more pressures and ultimatums than during the previous negotiations in New York.

"We are prepared to stand up to anything, above all to demands to cede the pink zones to the Croatian authorities," said Jarcevic on Radio Kragujevac, underscoring that this had been demanded of the Republic of Serbian Krajina at the recent negotiations in New York.

The Republic of Serbian Krajina was formed in territories of the former Yugoslav Republic of Croatia inhabited by Serbs. At two referendums, the Republic of Serbian Krajina population opted against becoming part of Croatia.

Jarcevic said that 300,000 Serbs have been expelled from Croatia, of which number 100,000 from Zagreb alone, and that all their property has been confiscated.

In geneva, the Republic of Serbian Krajina delegation will submit documents on the expelling of 2,000 Serbian families from Zadar (a Croatian coastal town), and their confiscated property worth 860,000,000 dm.

On January 22 Croatia launched an aggression against the Republic of Serbian Krajina, and was condemned on two occasions by the United Nations Security Council demanding that the offensive be stopped and troops returned to their initial positions.

The demand was repeated by the cochairmen of the international conference on the former Yugoslavia Cyrus Vance and Lord David Owen during negotiations in New York where they had seperate talks with the Serbian and Croatian sides on a ceasefire and the finding of a final solution for the status of the Republic of Serbian Krajina.

## Wahlgren Takes Over Command of UNPROFOR

*AU0103153793 Paris AFP in English 1521 GMT 1 Mar 93*

[Text] Zagreb, March 1 (AFP)—Swedish General Lars-Eric Wahlgren arrived here Monday [1 March] to take over as the new commander of the United Nations Protection Force (UNPROFOR) in former Yugoslavia, protection force headquarters said.

Wahlgren, 67, will replace General Satish Nambiar from India and should take command Wednesday. U.N. Security Council resolution 807 extended the protection force's mandate until March 31.

Wahlgren, a career military officer, has been part of the U.N. forces for five years. He has participated in several peacekeeping missions, most notably in southern Lebanon from 1988 to 1992.

Wahlgren was part of the U.N. investigation into the January 8 death of Bosnian vice-premier Hakija Turajlic, shot dead by a Serbian fighter while he was being escorted by U.N. forces.

## Tudjman on Airdrop, Talks, Italy, Bosnia

*LD0103175693 Zagreb Radio Croatia Network in Serbo-Croatian 1100 GMT 1 Mar 93*

[Monthly news conference given by Croatian President Franjo Tudjman in Zagreb, moderated by Vesna Skar Ozbolt—live]

[Excerpts] [Ozbolt] Please go ahead.

[Rajic] Zeljko Rajic from Croatian television. Mr. President, last night three U.S. planes dropped some 20 tonnes of aid over Bosnia. Could you give us your comment, and do you think that this is a sign of greater American involvement in the war in the Balkans?

[Tudjman] It is clear that your question includes the answer, too. This is a humanitarian operation, but above all it has a political significance. It is a proof of greater involvement and determination of the current U.S. Government to take part in solving the Bosnian crisis and ending the war with more determination and full commitment.

[Saric] Mirjana Saric from HINA [Croatian news agency]. Mr. President, was any progress made at the New York negotiations between the Croatian Government and rebel Serb representatives?

[Tudjman] There were no direct talks between the representatives of the Croatian government and the local Serbs. Both sides held talks with Mr. Vance and Lord Owen, cochairmen of the conference. These talks will continue in Geneva, and tomorrow a delegation of the Croatian government is travelling to Geneva where the talks will continue. Our press has already reported that an agreement between the representatives of local Serbs in Sector West, Okucani, Pakrac, has been signed; talks with Serbs from other sectors are also in progress.

There are signs that some people understand that the only way for the Serbs is to seek their solution within the framework of the constitutional and legal system of the Republic of Croatia. The Croatian Government will do everything for a political solution, for the implementation of the Vance plan, and also for the implementation of Croatian constitutional law on human, civil, ethnic and minority rights. We expect that these results will come sooner and that they will be better regarding the solution of the Bosnian crisis [as heard].

[Badurina] Ingrid Badurina, LA STAMPA. Mr. President, the Maslenica operation, which about a month ago you described as completed and successful, seems to have serious consequences for Dalmatia. What do you expect will happen? Namely, constant attacks on Sibenik and in the Zadar hinterland have been stepped up day by day. I would like to know how you see the situation develop.

[Tudjman] On the part of the Croatian Army, the Maslenica operation was completed when we liberated the Novsko Straits, established traffic between Maslenica and Zadar, and took control of Zadar's Zemunik airport and the Peruca dam. However, Serb rebel forces, reinforced by chetniks from Serbia, [pauses] you all know that so-called volunteers have been sent from Serbia, from Kosovo and other parts of Serbia and from Bosnia. According to some information, 400 cadets and officers from their military academy have been sent as well. Therefore, the Serb extremists from Serbia and Knin are now engaged in provocations in all areas and are trying to thwart the agreements which our representatives have reached in Sector West. We have not allowed these provocations to turn into an all-out conflict between the Croatian Army and the Serb rebel units. I believe that the provocations will have to stop as a

result of both the negotiations in Geneva and the talks in New York dealing with the crisis in Bosnia-Hercegovina.

[Tudjen] Branko Tudjen, VECERNJI LIST. I would like to ask two questions. My first question: Could you add anything to the statement about the talks which you had on 27 February with representatives of the Istrian Democratic Assembly [Istarski Demokratski Sabor—IDS]? My second question is about relations with Slovenia. They go up and down, we hear nothing for a while and then there are tensions again; how are these things progressing? Are there any new developments there?

[Tudjman] It seems to me that everything has been said in connection with talks between representatives of the IDS and the Croatian Democratic Union [HDZ]. It was with pleasure that I accepted the invitation to talks with the IDS leadership. I invited them and representatives of the ruling party. From the point of view of Croatia as a state, it is very good that the ruling party in Croatia and the party which won the majority in Istria have reached full accord in connection with solving problems concerning the division into counties and state and local authorities in Istria.

It was very interesting to hear that the part of the IDS leadership that attended the talks gave no indication that the IDS wants Istria to be transregional and to consist of some kind of Croatian part, Slovene part, and Friulian part, as has been referred to in some newspapers. Everybody said that they believed that the Istrian county is a constituent part of Croatia and that they had no aspirations to develop Istria as a separate region and to seek their own ways of integration into Europe. On the contrary, everybody spoke in favor of the cooperation between the HDZ, the ruling party in Croatia, and the IDS, the ruling party in Istria, and on the basis of that, an agreement was reached favoring constructive cooperation and the solving of all political and economic problems in accordance with the constitutional order. Istria wants to make its contribution to Croatia. Croatia, of course, considers Istria as its constituent part, actually one of the most important parts, considering history and past experience.

Tendencies which have appeared are characteristic not only of openly irredentist and pro-fascist currents in Italy which would like to come back to Istria and the whole of the eastern Adriatic coast, from Istria to Albania. It is certain that there are such imperialist tendencies outside these strictly and publicly professed irredentist and pro-fascist currents. That is a historic fact. Croatia and Istria within Croatia must keep this in mind.

This is the whole point of the agreement—to remove all doubts and make it clear that no one can count on that party which won at the elections for the Chamber of Counties and at local elections in Istria. This does not mean that there are not certain individuals, but on the whole the IDS spoke resolutely against such tendencies and distanced itself from them. I believe that in Istria the IDS will fully assume its state-building role in the interest of Croatia. In this sense, cooperation between the IDS and the HDZ will be very fruitful.

Regarding Slovenia, unfortunately, we are constantly coming across some Slovene, especially journalists, trying to complicate relations between Croatia and Slovenia. DNEVNIK alleged that a Yugoslav flag was hoisted on the island of Lastovo, and asked whether this meant that Lastovo wanted to secede from Croatia, etc. This obviously refers to a local carnival, when some Yugo-unitarists hoisted a Yugoslav flag at the carnival. This does not mean that there is a problem of whether Lastovo is Croatian or not. There are similar instances of this elsewhere.

Unfortunately, not just foreign journalists, but also foreign statesmen are coming to me puzzled by the fact that even the most responsible people in Slovenia do not show enough understanding, or the same kind of understanding which representatives of Europe and America show toward Croatia's problems. For our part we will do everything to implement the agreement in principle made by the Croatian and Slovene state leadership on the need to regulate all outstanding issues in a democratic and European spirit, as I personally suggested that the Slovene-Croatian borders be marked in the same why that the borders between EC countries are marked and that all outstanding issues must be resolved.

It is incomprehensible, and Croatia cannot tolerate, that Slovenes, that is the Slovene Army holds (St. Gera), which obviously belongs to Croatia. So, for our part, we are engrossed with our problems in connection with UN-protected areas and with the war in Bosnia-Hercegovina. We wanted to raise these issues further, but our ministries of foreign affairs and defense have already been charged with starting to resolve these issues, if necessary even involving international factors. Clearly we will not agree to Slovenes holding under occupation (St. Gera), which beyond any doubt is on Croatian territory. For our part, we did not want to exacerbate relations and provide any pretext for exacerbation of relations between Croatia and Slovenia.

I hope that—after the government, with which it is possible to have effective talks about the existing problems, has been established in Slovenia following the latest elections—the Croatian and Slovene governments will find ways of resolving all outstanding bilateral issue, so that Croatian-Slovene relations can be an example for the region of how all problems can be resolved in a European and democratic spirit.

[Leric] Luka Leric speaking. I am an Argentine journalist in Zagreb. Mr. President, the Croat forces of Herceg-Bosna are not allowing humanitarian aid, that is, aid for the Bosnian army, to cross from Croatia to Bosnia-Hercegovina. How does Croatian official policy view this situation? Thank you.

[Tudjman] In the course of talks with representatives of the Muslim and Croat leaderships in Bosnia-Hercegovina, we have stressed on several occasions the need to harmonize their relations, to reach not just agreement but complete unison in their common defense against the aggressor and in connection with problems of constitutional and practical organization for Bosnia-Hercegovina within the framework which those from the conference on former Yugoslavia are hoping to set.

We have drawn attention to the fact that we have provided assistance for the Croat people of Bosnia-Hercegovina in their self-defense. They have thus managed not only to defend Croat territories, but also to prevent the whole of Bosnia-Hercegovina from falling to greater Serbian imperialists.

We have also provided assistance to the Bosnia-Hercegovina Government. We have supported a proposal by the president of Turkey that both they and we should exert influence so that accord can be reached by Muslims and Croats in Bosnia-Hercegovina. We will continue to do everything so that this agreement—which has held on the whole but has been breached in some individual areas, resulting in open clashes—that these misunderstandings be overcome and that the cooperation continues. But this is the problem of Muslim and Croat representatives there.

For our part, we have told our friends in Europe and America, and also representatives of the Islamic countries that we will help the humanitarian aid operation for Bosnia-Hercegovina. We can ensure this only through Croatia. We cannot influence Muslim-Croat relations, especially if they are so unharmonious as to lead to clashes. I must say publicly that representatives of the Bosnian Croats told me on several occasions that they could not accept official Croatia assisting the [Bosnia-Hercegovina] government, that is, Muslims in Bosnia-Hercegovina who turn their arms against Croat areas and against Croats in some places.

For our part, we will try to exert our influence so that their relations become harmonious, but it is up to them to build mutual trust and to agree on a constitutional and provincial system for Bosnia-Hercegovina so that the Croat people there feel safe, and thus the Republic of Croatia can feel safe, bearing in mind geopolitical interdependence between Croatia and Bosnia-Hercegovina.

[Bakic] Marijan Bakic, GLAS KONCILA. Mr. President, judging by appeals from the Banja Luka region, it seems that the final act of driving out Croats from the area is under way. What can Croatia do in connection with this? Thank you.

[Tudjman] Unfortunately, Croatia cannot do anything unnecessary [as heard]. All that Croatia can do is to contribute to ending the war as soon as possible and solving the crisis in the territory of the former Yugoslavia, and especially in Bosnia-Hercegovina. I personally on several occasions talked to representatives of Croats from that region, including Bishop Komarica and other representatives. We have sent humanitarian aid to the region, as much as we could. We are doing and will continue doing what we can in order to end the war as soon as possible, and to provide guarantees for the safety of Croats in all areas where they are still living.

[Trobesh, in English with superimposed Serbo-Croatian translation] Excuse me, Mr. President. This is Ali Trobesh from IRNA. The government in Sarajevo has criticized Croatia for signing contracts with Herceg-Bosna regarding financial and other transactions. Does the government in Zagreb recognise Bosnia-Hercegovina (?or) only the government in the [Croat] community of Herceg-Bosna?

[Tudjman] I do not know what signed contracts between Croatia and Herceg-Bosna you are talking about. There is practical cooperation between Croatia and Herceg-Bosna, but no general agreement.

Besides, talking about the government of Bosnia-Hercegovina—yes, that is the government of Bosnia-Hercegovina, but that government of Bosnia-Hercegovina actually represents only the Muslim part of Bosnia-Hercegovina. I will repeat once again: The problem lies in the fact that this part of the government, and, if you wish, the official government of Bosnia-Hercegovina does not function as a whole. Views voiced in the United Nations by Mr. Izetbegovic and Silajdzic are one thing. Silajdzic speaks in his capacity as foreign minister, while the prime minister is Mile Akmadzic, who gave a speech in the United Nations, and who formally represents the government. Therefore, there is no unity in the government and consequently there is no unanimous view on relations between Herceg-Bosna, i.e. the Croatian Defense Council, and the Bosnia-Hercegovina Army.

Generally speaking, this is a transitory period in which the Presidency and the government of Bosnia-Hercegovina do not exist. There are only a few members of these bodies in Sarajevo. They are scattered mainly in Croatia and all over the world. [passage omitted]

[Ramnac] Olga Ramnac, SLOBODNA DALMACIJA. The government has recently announced a campaign to fight crime and corruption and to secure the speedier transformation of ownership with the faster inflow of capital. Social problems facing the Croatian population are on the increase. How do you think it is possible to encourage the government to carry out its conclusions? And how is it possible for the government to adopt conclusions on the mistakes committed by the government? Who will bear the consequences of that?

[Tudjman] These conclusions do nor refer only to the government, but to the overall situation in Croatia, which is, as we stated in the conclusions, a consequence of several factors: primarily, the disintegration of the former Yugoslav union, the break-away from the socialist system, the consequences of the war resulting from the aggression against Croatia, and especially the occupation of one quarter of Croatian territory. This

situation, and therefore crime, anarchy and arbitrariness are consequences of these things, and not of the alleged inappropriate functioning of the government. All governments in Croatia have so far tried hard to fight these problems, but these phenomena could not have been avoided. Similar problems are present even in the most stable societies and countries whose problems were infinitely easier than the ones Croatia faced. The problems were unavoidable here because of the factors I have just mentioned.

Of course, the government can improve in certain areas, but this is the problem of the society as a whole.

Concerning social problems—yes, we are facing them. They are also a consequence of everything I have just mentioned, but, ladies and gentlemen, look around. Which country which is leaving socialism behind is in better shape? [passage omitted]

[Unidentified correspondent] IRNA. Excuse me, I would like to clarify my colleague's question. He referred to financial transactions between the Republic of Croatia and Herceg-Bosna. In an interview to OSLOBODJENJE, Bosnian Deputy Prime Minister Zlatko Lagumdzija criticized the Croatian Government because such an agreement was not signed between the Republic of Croatia and the Bosnia-Hercegovina Government which has waited for the agreement for over a month now. Thank you.

[Tudjman] For its part, Croatia has proposed and was ready to sign any agreement with the Bosnia-Hercegovina Government which is in the interest of Croatia and the Bosnia-Hercegovina Government. [passage omitted]

## Croatian Artillery Continues Attacks on Krajina

*LD0103160793 Belgrade TANJUG in English 1452 GMT 1 Mar 93*

["Pool" item]

[Text] Knin, March 1 (TANJUG)—Fierce fighting continued in the Skradin hinterland, the Northern Dalmatian front, on Monday [1 March], the General Headquarters of the Republic of Serb Krajina (RSK) said.

The Croatian artillery launched strong attacks on villages in the Skradin hinterland.

Clashes spread to other sectors of the Northern Dalmatian front, the southern part of U.N.-protected RSK, on Sunday afternoon and during the night. Obrovac's vicinity and villages around Benkovac were again shelled.

Croatian forces reopened the front south of Drnis by shelling two villages, RSK military sources said.

The RSK Army successfully repelled all Croatian attacks, the RSK Army said and added that its troops pushed back the frontline and captured strategic facilities.

The Croatian Army has been bringing in fresh forces to the hinterland of the Croatian coastal city of Zadar. It is still trying to infiltrate sabotage and terrorist groups in the RSK, the RSK military sources said.

The RSK General Headquarters also said strong Moslem-Croat units were grouping in order to attack the RSK.

The RSK, which borders with Bosnia-Hercegovina in the east, was proclaimed on territories with a majority Serb population within the administrative boundaries of the former Yugoslav Republic of Croatia. The RSK has been under United Nations protection since last spring.

### Croat Aircraft Said To Violate Slovene Airspace

*AU0203092293 Ljubljana Radio Slovenia Network in Slovene 0600 GMT 2 Mar 93*

[Text] Croatian President Dr. Tudjman at yesterday's news conference among other things again stated that, in his opinion, Trdinov Vrh is undisputed Croatian territory and that the Croatian Defense Ministry and Foreign Ministry have already been ordered to start resolving this problem.

Slovene Defense Minister Janez Jansa, regarding the issue of Trdinov Vrh, said that in drawing the border between Slovenia and Croatia, general principles must be established first and that controversial issues can only be resolved afterward.

The Ministry of Defense of the Republic of Slovenia last night reported that there were eight violations of the Slovene air space by 1800 on 1 March. In all eight cases, it was Croatian aircraft that violated our air space.

### Bosnian Threatens Border Crossing With Explosives

*AU0103214493 Ljubljana Radio Slovenia Network in Slovene 1800 GMT 1 Mar 93*

[Text] At a news conference at the Fernetici border crossing, representatives of the Slovene police are informing the public about the almost 24-hour drama caused by 65-year old Muslim, a citizen of Bosnia-Hercegovina, Bajazit Ahmic. Here is Marjan Jerman reporting from Fernetici:

Sixty-five-year-old Bajazit Ahmic still says the same thing: He wants to (?save) Bosnia. When the Italian authorities turned him back to the Slovene side yesterday, he arrived armed with explosives at the Fernetici border crossing. He entered one of the border police buildings and demanded to be allowed to cross the border again, saying that he had relatives in Rome. The drama has been going on since that moment. Bajazit told the police that he had about 20kg explosive on him and if his demands are not met, he will blow up himself and the building.

Our policemen contacted the Italian police and found out that there is nobody at the said Rome address who knows Bajazit. The negotiations that began there have already been going on for 20 hours. Bajazit Ahmic no longer insists on being allowed into Italy, but insists on meeting various academicians in front of the television cameras. He says that he wants to save his Bosnia. In a word, involved here is a mentally unstable person who does not know himself what he really wants. What he has done at Fernetici he would probably have done somewhere else in Italy.

The policemen know that he has some explosives (trotil) on him. He had it in a bag that was taken away from him. Nobody knows what he has inside his coat. This means that the policemen cannot predict what might happen if Bajazit were to detonate about 20kg of this unknown explosive.

As I report, negotiations are still under way and the 65-year-old Bajazit Ahmic claims that if his demands are not met, he will not leave this border crossing alive.

### Fernetici Border Crossing Still Closed

*AU0203092393 Ljubljana Radio Slovenia Network in Slovene 0600 GMT 2 Mar 93*

[Excerpt] Nothing has changed at Fernetici border crossing between Italy and Slovenia. Bosnia-Hercegovina citizen Bajazit Ahmic is persistent and will not leave the border crossing zone. Here is a report by Vojko Krpan:

[Begin Krpan recording] The drama at Fernetici continues and, as we said yesterday, there is no end in sight. Bajazit Ahmic, a 63-year-old Bosnia-Hercegovina citizen of Muslim origin, took a nap last night while he spent the night before last awake, talking to the policemen.

As we already said, Ahmic, who has been armed with a large quantity of explosives for two months [as heard], last night locked himself in the bathroom and supposedly fell asleep. At the time of this reporting he is still in the bathroom of the building at the border crossing. The Fernetici international border crossing has been closed to all traffic since yesterday afternoon. [passage omitted] [end recording]

### Finance Minister Urges Rational Spending

*93BA0613C Ljubljana DELO in Slovene 6 Feb 93 pp 19-20*

[Interview with Finance Minister Mitja Gaspari by Miha Jenko; place and date not given: "The State Cannot Exist Without Finances"]

[Text] [Jenko] Upon your first election as finance minister last July, in response to a question about how you viewed the relationship between expertise and politics, you said that you considered expertise to be in first place, and then economic policy, and that you did not intend to get involved in politics, because the function and role of the finance minister ended with economic policy. Were you able to confirm that stance in later practice?

[Gaspari] Yes.

[Jenko] At a recent hearing before a parliamentary commission, you warned that we were in a decisive phase: Unless we halt the growth of wages in relation to the economy's productivity, production will start to decline, unemployment will increase, and this will jeopardize any sort of development. But is the government capable of making the necessary turnabout in wages?

[Gaspari] It is not a question of whether the government is capable of doing it. The government has to do it—in agreement with the trade unions, let's hope. If the other sides in this social partnership, however, do not understand that with the current pressure for an increase in wages they are reducing the possibilities for the employment of those whom they represent in these negotiations, what usually happens in such a state will obviously happen. If wages outstrip productivity, inflationary trends start, then production begins to decline, and with the decline in production the number of jobs is reduced. I still think the same way as at the above-mentioned hearing: Unless we seriously start settling this issue before the end of February, the initial revival of production from the end of last year will be over in a month or two, and then we would end up with inflation, with even greater negative trends in the economy than there were last year. I am therefore emphasizing that we are at a critical point, and that we must decide correctly.

[Jenko] Didn't the government make a mistake, since it did not limit the growth of wages even earlier? It would also have been psychologically easier than now, when something will really have to be taken away from people.

[Gaspari] Aside from the mistake last May, when there was an unreasonable increase in wages—regardless of the collective contracts, which were and still are unreasonable—last July the government proposed three laws to parliament. It rejected the laws, and then the government, which was aware what their rejection meant, took steps through decrees for some time. During the autumn months, it did a good job of restraining unjustified demands for wage increases. Then came the Constitutional Court's decision, which is certainly completely justified formally and legally, but substantively led to a new wave of demands for wage increases, which began with the ones in the public sector. That meant the payment of settlements, and then the same thing was demanded in public services, and it would be naive to expect that something like that will not happen in the economic sector as well. This year Slovenia will not have any sort of economic policy any longer unless we stop that trend now.

[Jenko] January's 3.7-percent growth in prices is arousing concern. Since last January, we have now had about 77-percent annual inflation. Slovenia is thus a considerably more inflationary state than, for instance, Portugal, Greece, or even Turkey. What would be the upper limit for inflation this year that would still be acceptable, and that would permit the implementation of some sort of developmental economic policy?

[Gaspari] Even in the previous government we stated absolutely clearly that it would be inflation kept between 1 and 2 percent per month—on the average, of course, since that rate goes up and down to some extent. There is no state where that trend would be completely linear. Along with an appropriate monetary policy—I myself do not see any need for a fundamental change in it, because I am not a supporter of the artificial devaluation of the tolar—it requires reducing costs in the national economy. In this regard there are three important costs: The costs of the labor force are influenced primarily by the rate of contributions (retirement, health and disability insurance, and the now cancelled contribution for employment). The second thing is the cost of capital. With respect to exporters, these are interest rates if domestic inflation is higher than the depreciation of the exchange rate. In third place is the public sector, with all of its consumption and, viewed in more narrow terms, the state as well, and in fourth place there is illiquidity and losses in the economy. These losses—until they begin to be voluntarily financed in some way or the enterprises go into bankruptcy—represent a hidden subsidy for those enterprises, and that contributes additional costs for the healthy part of the economy. First of all it is necessary to stop wages in the state administration, public services, and the economy, which is mostly still socially owned and is not forced to act like the privately owned entrepreneurial sector with respect to wages. Then, it is necessary to lower the contribution rates: If they went back down, the lower burden of the labor force through the contribution rates would be reflected in wage increases. That is the Slovene economy's usual behavior and reaction. It is also necessary to reduce the contribution rate in health care, because it is now overvalued. A rate between 13.6 and 13.8 percent would be satisfactory for the volume of activity in health care, which now amounts to about 85 billion tolars, but now a reduction to 14.45 percent has scarcely been adopted. In this case we are prepared—at least I am personally—to retreat from an additional rate for employment, if it were clearly defined in the budget that other budget sources had to be available for basic care for the unemployed, with other budget users receiving less. These two methods would significantly reduce the burden on the economy and the costs of labor. The funds from this should not be allocated for wages, but rather for financing fixed assets and new productive investments.

[Jenko] Can you describe that reduction of the burden on the economy in terms of billions of tolars?

[Gaspari] I cannot tell you that. If the contribution rate for health care is reduced from more than 18 percent to 13.6 percent, however, and at the same time the contribution rate in the pension system is raised only by about 2 percent, that is obviously a big reduction of the burden. If we do not introduce 1-percent contribution rates for employment, the total burden on wages would fall from 50.35 to 48.2 percent. That is already a significant reduction, which is in accordance with what we stated in the draft budget: During the years from 1993 to 1995, the total burden on gross wages should be reduced from 50.35 to 43.4 percent.

[Jenko] Milton Friedman, the radical critic of state spending, is also known for the saying that "the government will waste everything that it gets. It is therefore always advisable to lower tax rates." With all the costs of

various rehabilitations and social welfare during the coming years, is it realistic to count on a reduction in taxes as well?

[Gaspari] Our tax rates in the income tax, the profit tax, and the turnover tax are completely comparable with the tax rates in effect in comparable European states. We also significantly reduced tariffs last year. I do not see any reason why we would still have to lower tax rates further. When we look at the structure of the burden on enterprises, the contribution rates are the problem. With respect to pension insurance, we are at least 4-5 percent above the European average, and we are also above it in health care. That is the additional burden that raises the costs of labor in the economy. I do not know how we are to lower taxes even further, especially in a state that is in the restructuring phase. It is not customary in the world to lower taxes at that time. Furthermore, we have a whole range of tax breaks that reduce our tax burden: For instance, the profit tax is 0.7 percent of the social product, but its share of the budget is 1.3 percent. Usually that tax is the main one in European states. When it becomes the main tax—that will be with the new law on the profit tax and with the privatization of enterprises—we will be able to adjust other taxes suitably as well. That means that we will partly reduce the tax rate burden with respect to the income tax. The turnover tax will slowly be turned into a value-added tax. I do not understand those who constantly tell us that it is necessary to reduce the tax burden, because I do not know how we would rehabilitate the banks and the economy in that case, and without that, this economy will continually suffer losses.

[Jenko] What mechanisms will be used to make sure that the funds thus collected are really used to rehabilitate the banks and the economy?

[Gaspari] Just as we are proposing in this year's budget, when we say that the outlays for the rehabilitation of banks and the economy and for the social welfare network will burden the budget by about 5.5 percent of the GDP [gross domestic product] . The current budget deficit is to amount to at most 2 percent of the GDP. That means that we are restricting all other forms of state spending (the more narrowly defined budget); otherwise the budget deficit would be considerably higher, since just the outlays that did not exist before are higher than that 2 percent. In the total public spending, which amounts to 47.6 percent of the GDP, about half is allocated for the state and municipal budgets. In the second place, there is health and pension insurance. If we want to have a higher social standard of living, the individual's standard of living will have to be lower through wages, and vice versa, at least until the GDP begins to grow in real terms. They cannot both go together at the rate that is occurring now without negative consequences for the domestic currency's stability.

[Jenko] How much will this year's budget amount to, according to the latest estimates?

[Gaspari] In view of the available data, we note that the available sources will be about 270 billion tolars, which is approximately 22 percent of the estimated GDP. The total outlays, i.e., current and investment expenditures and capital investments in companies, such as an export company, for example, could amount to a total of approximately 13 to 15 billion tolars, which is about 23 percent of the GDP. That means a current budget deficit of approximately 13 to 15 billion. That is approximately 1.2 percent of the GDP. The additional deficit that will arise because of higher net repayments of foreign loans in the amount of about 14 billion tolars will contribute to a total deficit of an additional 1.3 percent of the GDP. It would thus amount to approximately 2.5 percent of the GDP. The primary budget—without the payment of interest for the rehabilitation of banks and the economy—will be 9 billion tolars on average, if we also take into account the payment of interest and expenses for rehabilitation guarantees, and the surplus will turn into a budget deficit in the amount of about 13 billion tolars. That means that the costs of servicing public debt will be about 20 billion tolars. We are trying to be very rational. I must say that the ministries' proposed budget expenditures when preparing the budget that we have to submit to parliament amounted to 428 billion tolars, and we in the Ministry of Finance also projected the abovementioned 282 billion tolars. These proposed requests amount to approximately 35 percent of the GDP. In that case, the deficit would be 160 billion tolars, which is 13 percent of the GDP.

[Jenko] You have to cut those requests further. What criteria do you establish when you cut the projected expenditures sent from the individual ministries?

[Gaspari] The basic criteria are written in the basic starting points for the formation of the 1993 budget. In this budget, the rehabilitation of banks and enterprises and the social welfare network have priority. The ministries that deal with these areas have priority. Subsidies in the economy are being cut, because they are no longer necessary, since rehabilitation is beginning in a different way.

[Jenko] Who are you taking things away from?

[Gaspari] Realistically, we are taking things away from everybody, so to speak. We are taking things away from the traditional state sectors, we are reducing payments for services and subsidies in public services, and we are reducing subsidies and transfers in the economy. What concerns us most and is causing the most nervousness in the Ministry of Finanace is the wage sector, which, together with social transfers, represents 40 percent of the budget. If we do not halt the growth here and achieve a real reduction in wages at all levels, the budget will not hold out. Wages in state and executive organizations alone represent about 60 billion tolars, and together with social transfers that is already 120 billion. If we went by what the individual ministries are proposing, social transfers would have to amount to 83 billion instead of 63 billion, and wages would be 66 billion instead of 55

billion. That difference is obvious. If we want to employ people, wages will have to be lower. Employment in the public sector has to be halted, and in the state sector, i.e., in the ministries, there has to be a redistribution in employment. Priority in employment has to be given to those sectors which will bear the main burden of economic policy, regarding which I would explicitly mention the Ministry of Finance, which is assuming numerous new functions that cannot be carried out with only 60 people. We have to set up the treasury and relations with foreign countries, accomodate the entire accounting system of all state agencies, and audit and oversee the insurance industry, and we have to strengthen the tax sector and the tax administration, which everyone is criticizing for not being capable of carrying out its basic tasks. This is therefore a question of redistributing budget shares to the ministerial agencies for labor, finance (with respect to the public debt), and the Ministry of Economic Activities. The other ministries will have to consent to a substantive restructuring, if we want to pull the Slovene economy out of the present recession situation. The same thing applies to public investments as well. We are projecting them to be 38 billion, whereas the ministers' requests indicate 92 billion tolars.

[Jenko] It seems that considerable power is concentrated in the finance minister. How great is your power, or weakness, in comparison with your counterparts in the West or in the Baltic states, which you visited as a World Bank expert?

[Gaspari] Everything that we are doing is not going in this direction so that an individual or institution would gain power. It has to do with the normal structure of the state and the state bodies that handle economic policy and the economic system. In any state, the minister of finance is one of the pillars of economic policy and the economic system. If defense, the police, the judicial system, and foreign affairs are the four most important agencies from the standpoint of statehood, I must say that the Ministry of Finance has just as much to do with statehood. Without finance and the state treasury, there is no state—with the provision that in public spending, the money has to be spent primarily for the state's economic functions through the instruments of fiscal and budget policy. The ministry's power is limited by laws and decrees, and the actual power depends upon the credibility of the minister and the ministry.

[Jenko] How do you intend to regulate consumption and wages in the present political, social, and economic situation? As a rule, the experts' explanations alone help very little.

[Gaspari] If there is no social will, i.e., the will of all those who represent individual interests (from trade unions, employers, who are to be represented by the Chamber of Commerce, and the government, which is to represent the authorities), and a serious agreement among them, laws will continue to be necessary. Without an agreement—as is the case now—one cannot keep going forward. Laws, however, are not a permanent solution; that can only be a social pact of some sort—but not the kind of pact that would increase the cost of labor through higher and undeserved wages and that would raise the social standard of living at the expense of the budget and not take into account the capabilities of the economy, which is in a transitional period and does not have the resources to be able to resolve all this satisfactorily. It is in the general interest of society for all these things to be realized and accepted together. If it is accepted, the Slovene economy will be able to start to grow; if not, the problems will be regulated by high inflation.

[Jenko] According to the government's projection, prepared several months ago, this year the Slovene GDP is to decline by "only" 1 percent, which could even be a great achievement in view of the trends in the last two years. In view of the current situation, how do you assess that projection: Is is realistic, optimistic, or perhaps even pessimistic?

[Gaspari] It is very optimistic; if we do not carry out what I have already mentioned, in that case the situation will be worse. That projection is rational and realistic, if we carry out most of the things that we have already decided on. That means the beginning and continuation of the rehabilitation of the banks, the beginning of privatization and its continuation, the reduction of public spending to the above-mentioned framework, the continuation of the same policy by the central bank, and a completely different wage policy compared to the one from last October on in all sectors. Any percentage of growth in the GDP above the above-mentioned projection or even whatever would be above zero in a positive direction would be an achievement, which I would not really venture to expect now. With certain positive external circumstances, which unfortunately are not apparent now because of the European recession (which limits foreign markets for us more than we would like), we could perhaps increase exports more. It is only by increasing exports that we will increase the domestic population's buying power. The Slovene economy's buying power is too small for us to be able to revive economic growth just by generating domestic demand; that is why it must necessarily export. Through exports, we will obtain funds for investments and thus for increasing jobs, which is the basic purpose of growth at this time, when unemployment is so high.

[Jenko] In the world, relations between the finance minister and the central bank are antagonistic, as a rule. In that context, how would you assess your cooperation with the Bank of Slovenia? Do differences occur between you, and why?

[Gaspari] Certainly there are different views from time to time. If we look at that cooperation as a whole, however, it is good, at least as far as I am concerned, and I think that that also applies to the central bank's side. Finally, those relations have improved a great deal recently, and I do not see any reason why they should be

spoiled. On the contrary, it is a question of strengthening that cooperation even further. There are plenty of possibilities for cooperation in several areas, but a few are critical, namely public debt policy, on which there should not be differences between the central bank and the state. Otherwise two institutions are competing that as a rule do not compete elsewhere in the world. I am thinking here of the issuance of securities in the market, where the state, for the above-mentioned reasons, has sought sources of financing in the financial market by issuing its securities. If the central bank, for otherwise justified reasons (as far as monetary policy is concerned), continues to issue its own securities, especially duplicates, inappropriate competition in the financial market will gradually occur. This, in fact, does not help the state to use the domestic market to satisfy as many as possible of its needs, which arise from the above-mentioned objective circumstances. It will therefore have to go abroad and borrow there. That, however, would mean pressure on monetary policy because of foreign money being cashed in for domestic money. That is why I think that in the future an agreement is necessary between the central bank and the Ministry of Finance and its treasury on coordinating the issuance of securities, in such a way that the population and others would have a demand primarily for state securities. Part of the capital formation would thus be used for financing the budget, and this would completely eliminate demands for issuance financing of the budget, which I oppose in principle in any case. I have never asked the central bank for issuance financing for the needs of the budget. Since the potential capital formation in Slovenia is limited, perhaps borrowing abroad is necessary to finance the above-mentioned budget deficit—especially if some financial savings go into the central bank's securities, and are tied up through individual issues of treasury notes. I understand the argument that part of the money is thus demonetized and taken out of circulation, but it is also true that this ties up some of the financial savings of the population, which buys these securities and consequently does not buy the state's securities. This leaves open the problem of the state budget and the public debt. That, however, means that the state and the central bank will have to find a common language, so that it will be possible to conduct a common monetary policy, and at the same time also a stable public debt and budget policy.

[Jenko] Also problematic for us is the small monetary sphere, which cannot absorb the amount of securities that have been issued now and for the most part are also on the market.

[Gaspari] I agree completely; most of the securities that are on the market are not even as good as we would like to see in the future. I consider the first serious state security to be the treasury bill that was issued at the end of last year. You know what kind of difficulties we are having with the republic bonds from the second issuance because of the way that these securities were put into circulation. Something similar could happen sooner or later with the republic bonds from the first issuance as well, and we will also have similar difficulties with the so-called republic three, the bonds associated with the claims upon Iraq and Cuba. The same thing is true of the papers that will go into circulation for rehabilitating the banks—even though they will not formally be market ones for five years and this problem has somehow been put off for the future, when the financial market will become somewhat clearer, with a stronger potential. We want to issue short-term and medium-term state securities, through which we could rely primarily on the resources in the parastatal funds. We are now preparing a law that would regulate that area. In such a small financial area we cannot afford to have our funds, such as the pension, health, housing, and development funds, act completely autonomously. That is a big opportunity cost for the state and the central bank, and from the standpoint of the national economy, the benefits from such activity are substantially less than the harm. We are therefore preparing the above-mentioned law, which will require the mandatory investment of part of these institutions' portfolios in state securities.

[Jenko] The bank rehabilitation started with the rehabilitation of Ljubljanska Banka. Will we be able to guarantee the banks three new things: new owners, new capital, and new management? How long from now can we expect lower interest rates as one of the goals of the rehabilitation?

[Gaspari] With respect to Ljubljanska Banka, the state is a temporary owner, and that is why all the bank's management bodies have been eliminated. As you know, a bank board has been appointed which is composed of Mr. Marko Voljc and Boris Zakrajsek. The Agency's expert council is overseeing the bank's operation, and the board is conducting its management, in accordance with the standards set by the Rehabilitation Agency. As far as the former owners are concerned, the situation is clear: bad loans are transferred by accounting means to the Agency, and the capital of those owners is converted into a so-called subordinate claim, a subordinate credit at that Agency. At Ljubljanska Banka, a completely separate balance-sheet is being drawn up for the bad loans, and is being handled by a specially designated person in the administration, namely Mr. Janko Dezelak. That balance-sheet cannot have any connection with the balance-sheet of the new bank, i.e., the bank that has been purged. In that old bank, the owners of the capital that has been transferred to the Agency will receive an opportunity for joint management of the bad assets through an administrative body for bad assets. I assume, and I would want, that balance-sheet to be formed as a separate financial company. It would operate in such a way that the bank's former owners would give that company a specific share of the cash so that that company could also function solvently. Together with the administration for bad assets, they would then try to have them paid off, convert them to capital shares in the economy, or equip the debtors who are responsible for those bad assets to become good

debtors. The state's role is to use a specific discount rate to encourage the former owners to participate actively in rehabilitating the bad assets. At this time, this is the only possible way in Slovenia, in my opinion, since the number of available personnel for such operations is very limited, concentration in the state is undesirable, and this process has to be decentralized as much as possible.

[Jenko] At the Ljubljana Exchange's seminar you indicated that the situation in our insurance industry was the same as in the banking industry, that there were monopolies in it, and that possibly we would also have to start the rehabilitation of insurance companies a year or two after the banks. Is rehabilitation of the insurance companies thus also ahead of us, and if it is, how much will it cost?

[Gaspari] I cannot answer you with figures, because no audit of the Slovene insurance industry has been conducted yet. We are trying to prepare a law on the insurance industry, but the lack of expert personnel is most obvious in this regard. In the past the biggest insurance company, in its financial operations, was also involved in investments that were not deposited in reliable instruments—i.e., state securities or bank deposits—but were instead invested in loans to individual enterprises. Many of them are now unable to recover those investments, and difficulties with payment are therefore occurring. The banks have a similar problem, and that is why I am talking about the difficulties that the insurance companies will have in the future. That is why we are trying, through some measures associated with the law on funds and insurance companies, to limit their investments in unreliable financial forms. That is why we are also planning, for the insurance companies as well, specific mandatory investment in state securities, especially (and this is the essential thing!) for the part that the insurance companies form as their reserves for various types of risks. That will prevent them from trying to surmount these difficulties by themselves or primarily by raising premiums. Furthermore, wages in the insurance industry are clearly too high in comparison with the quality of most insurance companies' business. It is unnatural that they are requesting that we free up the premiums for mandatory insurance, but at the same time, they have completely their own policy for wages and other costs.

[Jenko] What sort of impressions did you bring back from the World Economic Forum in Davos and from your talks with Mr. Attali, director of the European Bank for Reconstruction and Development [EBRD]? We have heard that that bank needs a partner in the former socialist part of Europe that, with its economic achievements, would be a model example that would somehow justify the numerous loans that are flowing to this part of Europe. What specifically can we expect from this bank, and how is Slovenia rated financially in the world?

[Gaspari] To start at the end, it is difficult to say how Slovenia is rated financially in the world, since there has not yet been any official analysis of the so-called Slovene country risk. The Slovene debts abroad are rated twice as well as the Yugoslav ones; the price for the Slovene debts is approximately 40 cents to the dollar, and for the Yugoslav ones, less than 20 cents to the dollar. That means that we have already essentially separated ourselves from the Yugoslav risk. We will soon order a study of Slovenia and the Slovene risk.

[Jenko] Will you order it abroad?

[Gaspari] Yes, from foreign companies that deal with this. I hope that the study will be done during the next two or three months. Slovenia will not have an AAA rating, of course, for the simple reason that its economy is in a transitional period and we do not have any performance that would ensure that it is an economy that is already completely stabilized and is growing—which is the first condition for that classification. Furthermore, it is very close to the risky area of the war in Croatia, Bosnia, etc. If we achieve a BBB classification, that will already be very good for Slovenia at this time. I hope that we have a chance for this. Furthermore, Slovenia regularly fulfills all its foreign obligations. The fact that we do not have any completed agreements with the Paris Club and the commercial banks lowers Slovenia's quality as a debtor, from the creditors' standpoint. The possibilities for concluding agreements with both types of creditors are such that I hope that we will conclude them as early as this year. We will thus open the door for joining the European capital market. The first step was our having become members of the IMF; the second is that we regularly repay our debts; and the third is that we are completing our succession negotiations with the former Yugoslavia's creditors. Slovenia will thus also formally separate itself completely from the former Yugoslavia, because it will also become a sovereign debtor with respect to the part of the unallocated debt that we will partly take over. As far as the European Bank is concerned, Mr. Attali expressed extremely great willingness to cooperate with Slovenia. He considers it one of the countries where the European Bank wants to be, along with the Czech Republic, Hungary, and Poland. They would be prepared to begin financing four projects immediately.

[Jenko] Can you be more specific?

[Gaspari] They are the railroad and roads, energy, and telecommunications. We have three projects prepared that we will talk about at the end of this month when Mr. Attali comes to Ljubljana, and in the next few days I will meet with that bank's vice president myself. The abovementioned projects are in the public sector, and the fourth project involves investment in our private enterprises and enterprises that are being privatized. This does not involve state guarantees, and in this regard, of course, we are not very interested in their joint capital participation. It is possible that the bank would invest funds in the institutions that would finance those enterprises, or else they would go into the enterprises directly with individual capital deposits, as happened, for

instance, in the Czech Republic, where the bank invested capital in several projects along with Volkswagen.

[Jenko] Do we have any similar, quite mature projects prepared here?

[Gaspari] Several projects have been prepared in the public sector, but in the private one it depends primarily on the initiators of the projects themselves, who will go directly ahead to the European Bank. There are a few of them, primarily ones that are part of Mrs. Tee Petrin's project for the renovation of enterprises. These are enterprises that would be ripe for that type of joint financing.

[Jenko] With the planned influx of foreign capital, how realistic is it for us to count on a "new investment cycle," which we have been talking about, dreaming about, and politicizing here for a long time now?

[Gaspari] The state cannot create such a cycle itself, but it can help to create the conditions for starting a larger volume of investments in the economy. Those conditions include primarily stable macroeconomic conditions, an appropriate tax policy, and the kind of volume of public and budgetary spending that does not create undesirable effects, such as taking some of the financial sources in the private sector and transferring them to the public sector in order to finance excessively expansive public spending. What the state can do is encourage exports; the state company SID exists for that. I do not, however, see any serious possibility of developing small business on any large scale that would cause a great development of the economy. It can be an additional factor, but not the main one, and in the second place, I do not believe in the effectiveness of public investments as the driving force for the development of the Slovene economy. This is for the simple reason that the problem does not lie in the lack of domestic demand, but rather in ensuring a market for exports, since our capacity is higher than domestic demand.

[Jenko] What is your personal motto in dealing with the Finance Ministry's tasks?

[Gaspari] Above all, I am in favor of honesty in work. Without honesty and trust, there cannot be any normal relations in finances. It is necessary to observe the basic economic postulates—if you want the economy to grow, you have to structure consumption and the instruments of economic policy in such a way that you encourage growth, and in the third place, the Slovene state has to understand that it is a small one: If it does not want to be too expensive, because it is small, it has to be definitely rational in its operation. Rationality and moderation would have to be Slovene's virtues if we want to catch the train for Europe.

[Jenko] According to our information, some parties wanted to you cross over to their ranks. Have you become a member of the LDS [Liberal Democratic Party] yet, since in the government team you are counted as part of that party's quota?

[Gaspari] I am independent, as I was when I came to Slovenia. I remain independent. I am on that party's list for the reasons that guided the prime minister-designate in being able to form the government. I respect that party, but I am not a member of it, and I also do not have any intention of joining any party.

## Consolidation of Economic Ministries

*93BA0610B Ljubljana DELO in Slovene 5 Feb 93 p 2*

[Article by Bozena Kriznik: "A Ministry of Industrial Policy Like Japan's"]

[Text] *It is not just a matter of combining four ministries into one; organizational and personnel changes; hierarchy and responsibility; systematized, but unoccupied positions in the Ministry of Economic Relations and Development.*

Ljubljana, 4 Feb—The new Law on the Government brought the biggest changes to the ministries that dealt with the economy; the reduction in the number of ministries was actually primarily at their expense. The proposers of the law thought that it was not sensible to have eight or nine fragmented economic ministries in the government, but at the same time they also immediately rejected the possibility of forming only one economic ministry. It would be too extensive, of course, and difficult to control. Two ministries labeled economic thus emerged from the previous six, while some other important agencies that also fit into that framework (finance, for example) remained anonymous.

The Ministry of Economic Activities is completely new. It is one of the biggest ministries in general, since it emerged from four previous ones: the Ministries of Industry and Construction, Small Business, Energy, and Tourism and the Hotel Industry. We asked Dr. Maks Tajnikar, the top person, Minister of Economic Activities and former Minister of Small Business, about what kind of organizational, personnel, and substantive changes that ministry is to experience in comparison with the previous ones. "It is true that four previous ministries are merging into us, but it will not be just a matter of combining them. The internal organizational structure will change. We will do it for two reasons: we will try to carry out a streamlining within the ministries, and the other reason is of a substantive nature. Our ministry will be a sort of ministry of industrial policy like the one known in Japan, so the present name is perhaps somewhat inappropriate," Tajnikar said.

The jurisdiction of the Ministry of Economic Activities thus includes industrial policy, but not all of it. Agricultural, transportation, and infrastructural policy are formulated elsewhere, for example. The ministry also has something that in Tajnikar's opinion stands out in a way from the concept: that is energy. It is a separate thing that is different in structure and tasks from the other three sectors. The minister consequently drew in the former energy ministry on the organizational chart as an independent entity. The internal structure will still be the same as before, and it will just have a secretary from

now on instead of an energy minister. Energy is divided into two parts: development (this includes investments, for example), and system and policy (legislation in this field, current policy, salary policy, liquidity, inspections). "The business is thus functioning now, and at this moment I do not know of or want to change anything at all. Perhaps later, but one should not expect big upheavals."

Small business—that is where Tajnikar spent his apprenticeship, as he says himself—has functioned successfully in the past. The minister intends to keep the things that were started in his previous term and continue to implement them. He said that it was important that an institute was founded to stimulate the development of small business, which takes care of promoting that activity. The institute exists, and it will have its own director (for the time being it still has an acting director). In addition to it, Minister Tajnikar also planned an office for trades, because "I want to preserve the link between my ministry and trades." The office and the institute will be directly subordinate to the minister, and for now there will not be a secretary.

Tourism will also be organized as an institute, or rather a sort of institute for promoting tourism. That was already the concept of former Tourism Minister Janez Sirse, who is now the most likely secretary for promoting tourism in Tajnikar's ministry.

Two services that will combine the functions of old ministries in one place will also be established in the ministry: a Service for Administrative and State Affairs (it will include, for example, a joint admin office, and second-level proceedings), and a Service for Financial Affairs. Internally they will be divided into sections that will employ many people from the previous three ministries, and for the sake of increased efficiency they will combine everything in one place and expedite proceedings; they will need fewer employees, and the division of work will be easier, etc.

The last and most important section includes industry and construction and all related activities that do not appear elsewhere. It will be headed by a secretary for industrial projects, who will also be the minister's deputy at the same time. The section will be organized in terms of projects. It will include an investment group, a group for the restructuring of good enterprises that is headed (and will be headed in the future) by Dr. Teo Petrin, a group for establishing international trade relations, a group that will try to improve financing and take care of training, and a group for economic policy that will propose ideas useful to other ministries.

The ministry's framework also includes two independent legal persons: (Korze's) Development Fund, whose chairman of the board of directors Minister Maks Tajnikar is to become, and the Fund for the Development of Small Business, which previously functioned under the Ministry of Small Business.

The ministry will thus have three state secretaries: for energy, tourism, and industrial projects. They are proposed by the minister, and the government decides on their appointment. So far Tajnikar has only told us one name, Janez Sirse, but a decision is to be made on all three proposals at the government's meeting next week. According to Tajnikar, the secretaries are the link between the projects that are under way and the minister. The latter is responsible to the government for everything that is happening in his ministry, including the work of the secretaries, and they are responsible to the minister for their own areas. They coordinate horizontally among themselves within the ministry and also among ministries; the secretaries therefore have to know how to head their own area and prepare and suitably provide the minister with the things that the government expects from him. And what, then, are the standards for selecting the secretaries—since the coalition agreement also allows an individual's party membership as a standard? Tajnikar emphasized that in his proposals he primarily took expertise into account.

The mission of the Ministry of Economic Relations and Development, however, is to create suitable conditions for management, and for the work of enterprises. It is the ministry that is supposed to coordinate economic policy measures and make sure that the market will be able to function without interruption. This is not just the domestic, internal market—Slovenia is obviously a small country—but also the broader one, economic relations with foreign countries. The above-mentioned ministry emerged from the Ministry of Planning, the Ministry of Trade, and the Foreign Ministry's Administration for Foreign Economic Relations, and it is headed by Dr. Davorin Kracun, former Planning Minister and now also one of the two deputy prime ministers. "We in the ministry will also prepare systemic changes, and primarily take care of privatization. We will appoint three state secretaries: for foreign economic relations, for trade, and for privatization and development," Kracun explained. The government already appointed the secretaries today at the proposal of the minister, and they represent continuity: M.A. Vojka Ravbar, Davor Valentincic, and M.A. Tone Rop.

Minister Kracun ascribes an important role in the ministry to the Republic Institute for Macroeconomic Analyses and Development (previously part of the Planning Ministry), which is to outline Slovenia's economic and development policy, and also prepare professional foundations for conducting economic policy. The Institute will act as a government service, and will have its own director and be directly subordinate to the minister. The ministry also includes two more government services, namely the Republic Directorate for Commodity Reserves and the Republic Market Inspectorate; both are subordinate to the secretary of trade (previously part of the Ministry of Trade). These three bodies are complete elements within the ministry, and receive instructions from the minister or secretary.

To start with, the ministry is to take over all the old personnel. Just as in the above-mentioned ministries, many jobs there have been systematized but not filled. Kracun claims that for the time being there will not be any new hiring, and there will be a reassignment or redistribution. In comparison with the old system, in the Ministry of Economic Relations and Development there is to be a decrease in the number of people at the very top, at the level of minister or deputy—by 20 percent, i.e., one position. The areas of privatization and foreign economic relations are still quite unfilled. It will probably be necessary to attract several more experts here, perhaps to start with not as full employees but rather only as colleagues. The ministry is also thinking about moving to a common location. There are several alternatives under consideration, and therefore the minister did not want to tell us anything specific about this.

**[Box, p 2]**

Minister Tajnikar explained that his ministry and his function are not what Herman Rigelnik previously did, as the public quite often believes. Perhaps they are also equating it with the former economic deputy prime minister because Tajnikar heads the government committee on the economy. That job of his takes place outside his ministerial position, however, and it is actually a full-time job. Tajnikar, according to his own belief, was chosen to head the committee because the Ministry of Economic Activities is one of the most powerful ones in the economic part of the government.

**[Box, p 2]**

Minister Davorin Kracun also assured us that the exclusive standard of expertise was also important to him in selecting candidates for state secretaries. He said that in general the state secretaries for individual areas would do what the ministers for the individual areas previously did. The difference is that only the minister will be able to make proposals to the government, and he will also be responsible for the ministry's work. There is thus a larger hierarchy.

## National, Christian Democrats To Merge

*93BA0610C Ljubljana SLOVENEC in Slovene 6 Feb 93 p 1*

[Article by Igor Krsinar: "National Democrats To Join the Slovene Christian Democrats This Month"]

[Text] Ljubljana—The executive committee of the SKD [Slovene Christian Democrats] has signed an agreement with the National Democrats and the Economic Party on merging into a common party. At the SKD's annual conference, which will be on 27 February in Koper, the two parties will join the Christian Democrats. The NDS [National Democratic Party] will have the status of a separate wing of the SKD until the local elections.

During the coming period, the SKD will have closer ties with its provincial and regional committees, which is important because of the approaching local elections. As Edvard Stanic, the party's chief secretary, said in yesterday's chat with reporters, relations between the SKD and the SLS [Slovene People's Party] did not change after the election of the government, but even previously they did not particularly cooperate. The door is still open, however, to talks on a possible merger of related parties, since the SKD's participation in the government and the SLS's opposition status are not any obstacle to this at all, but it is now up to the other side.

Stanic also said that at this time the party's ministers were deciding on government secretaries. The candidates for secretaries in the individual ministries are as follows: in the Ministry of Transportation and Communications, Marjan Dvornik and Slavko Hanzelj, and in the Ministry of Internal Affairs Bogo Brvar and Andrej Ster, while the foreign and agriculture ministers have not yet announced their decisions. The SKD is also interested in secretarial positions in other ministries, with respect to which it is wiling to concede a proportionate number of these positions in its own ministries.

## Federal

### Commentary Views Split in Krajina

*AU0103093793 Belgrade NEDELJNA BORBA (Supplement) in Serbo-Croatian 20-21 Feb 93 p 3*

[Commentary by Srdjan Radulovic: "Living in the Heart of Belgrade"]

[Text] Was the latest split in Krajina's leadership caused by different political views of opposite parties, or is it simply a struggle for power and the preservation of positions held?

A long time ago a kind of political consensus was achieved in the Republic of Serbian Krajina as far as its status is concerned. It is very difficult to imagine that a political group or party could accept the possibility of "coexistence" [within Croatia]. The only difference that it could have come to between the political groups in Krajina lies in the interpretation of the notion "unification of all Serbian countries." The official Krajina leadership has not abandoned the Declaration on the Unification of the Republic of Serbian Krajina and the Serbian Republic of Bosnia-Hercegovina made in Prijedor, whereas Milan Babic [Knin municipality president] thinks that the approval of the Geneva constitutional principle for the former Bosnia-Hercegovina means "giving up the integration dream", at least in the way it had been planned, allowing that "another kind of integration" is still possible. Although he did not explain what he means by "another integration", Babic could hardly be reproached that he intends to restore Yugoslavia led by the Communist Party-Movement for Yugoslavia (SK-PJ), as his political enemies say.

The real nature of the conflict is being hidden under the veil of political conflicts and the platitudes about the SK-PJ. Two groups were formed. On the one side there are Goran Hadzic [Krajina president], Mile Paspalj [Krajina assembly chairman], Zdravko Zecevic [Krajina prime minister], and two mighty politicians in the government—David Rastovic and Bosko Bozanic. The other side is "represented" by Milan Martic [Krajina interior minister], who is also supported by the military leadership of the Krajina forces. Without being supported by the army and the police, no political group has so far succeeded in remaining in power. However, Martic also needs civilian power. Defending himself from Babic's attacks he indirectly stressed who he expects support from.

Both sides think that they are supported by the Belgrade regime. This is in contrast with previous conflicts, in which the groups were divided by their relations with Belgrade, that is to say, toward Slobodan Milosevic [Serbian president]. Martic says that "Milosevic is the only man who can save the Serbian people." The other side does not feel the need to prove its loyalty, because it has done so from the moment it took over the leadership from Babic with the help from Belgrade.

Now, it seems that everybody is waiting for Babic to make the first move. After his reconciliation with Milan Martic at the end of last year, there have been speculations about a possible reconciliation between Babic and Milosevic. Babic's denunciation of Milosevic during the election campaign postponed this act, but there have been rumors that they are coming closer again. This is also connected to Babic's present visit to Belgrade. If the mayor of Knin [Babic] succeeds in regaining his position with Serbia's head man, this would be the announcement that the present Krajina leadership has completed its task.

In spite of all that, there remains the question of how the new castling in the Krajina leadership is going to be carried out. According to what Milan Martic said on Radio Knin, one of the possibilities is to discredit the present leading group. Topics like apartment allotment in Belgrade, corruption with oil, smuggling etc. have been in the focus of attention again. The people in Knin have known about these things for a long time, but nothing has been done about it. This means that these topics are now used for the purpose of political elimination. Therefore also the media have to be controlled, as for example Radio Knin, whose manager can no longer perform his duties because of Martic's prohibition, although Martic supported his appointment. Apart from that, Martic also decided not to take part in the government sessions in order to show his clear disassociation from the group in power. The group in power tried to calm the situation, feeling that they could lose in this conflict, because they do not have the support of either the army or the police. That is why the information from government sessions is reminiscent of "covering oneself with ashes." At the same time, the group in power does not want to give up the (military) support provided by Zeljko Raznjatovic Arkan [Serbian republic parliamentary deputy and paramilitary leader].

The second significant element in this conflict is the fact that the split was occurring immediately before and during the negotiations in New York. The Krajina leadership had previously stubbornly rejected any kind of negotiations, "as long as the Croatian side has not accepted Security Council Resolution no. 802." Although the Krajina representatives were in principal right, they came into the position of being blamed for unwillingness of cooperation only because of their abstinence from negotiations. What is more, this happened at the moment when the regime in Belgrade was expected to "use its influence on the Krajina Serbs." The fact that they came to New York and that Belgrade helped the Krajina delegation shows that this influence was used. Will this, and perhaps a successful outcome to the negotiations, enable Hadzic, Paspalj and Zecevic to keep their positions?"

Croatia seems to have said that it would draw its forces back from Krajina. Apart from that, Krajina was offered access to the coast at Karlobag, under the condition that the area around Maslenica be under UN control and that a new bridge be built.

If the Croatian side fulfills its promises, the situation will be as it was before the attack of the Croatian forces. At that time it was in any case more than certain that Croatia would be allowed to build a new bridge at Maslenica. Why it decided to carry out the military action in spite of that, the Croatian leadership will have to explain to its people. Krajina can only continue with diplomatic activity, which is restricted by the latest stipulations of the Vance plan. Although Zdravko Zecevic, prime minister of Krajina, said some time ago that the Vance plan became invalid because of the latest Croatian attack, this document still remains valid. Because of the present conflict on the Krajina scene, the Krajina leadership can do nothing but try to use the negotiation results to its advantage.

It can hardly be expected that the international community will significantly change its attitudes toward Krajina, just as it is unrealistic to expect a change in Krajina's attitudes, especially after this apparent diplomatic victory in New York. There still remains the question whether this was Pyrrhic victory, that the Croatian concession was, in other words, only a sign that it was promised Krajina without the use of force. Will in this case the international community require of Belgrade that it "use its influence" again?"

It is a well-known fact that all the changes in the Krajina leaderships have also so far been made according to the "instructions" from Belgrade. This practice can also be seen in this conflict. It has been proven again that the Krajina inhabitants, without having an influence on the Krajina leadership, cannot significantly change the status of Krajina.

## Economy Adjusts to Hyperinflation

*93BA0574D Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 18 Jan 93 pp 31-32*

[Article by Petar Djukic, Belgrade: "Hyperinflation as a Way of Life"]

[Text] Time for yet another replacement of the money. Not, of course, because the present bank notes have been used too long and are worn out or because techniques have been mastered to counterfeit them on a large scale in the private sector (which has been talked about recently). Nor even on behalf of government protection of its own unique currency because of the monetary independence or unauthorized issue of some (local, separate) currency on the monetary and market space of the present FRY [Federal Republic of Yugoslavia]. It is simply because accounts and settlements have become too complicated and burdened with too many zeros. The current monetary unit is not sufficient to express the value of even the most significant goods. The most ordinary package of cigarettes or daily newspaper costs several thousand dinars at the moment, and what is usually the cheapest food—the egg—costs more than 300. Coins already have higher intrinsic value than the purchasing power of the various denominations. The issuing bank is being presented with ever more frequent demands to print new bank notes (10,000- and 50,000-dinar notes at the moment), and probably soon for others with a frightening number of zeros. That is why we might have expected as a logical New Year's move of the monetary authority yet another currency reform and change of the money.

However, the most recent monetary reform in this region would have been carried out only six months after the previous one. It was early July 1992 when we changed the Yugoslav money the last time and received what at that time was the new YU-dinar, still in effect, for 10 of the previous ones. That move was a part of the package of "anti-inflation" measures of two republic governments (the Serbian and Montenegrin) and the remnant of the Federal Executive Council. This was supposed to bring down what until that point had been the hyperinflationary rate of monthly inflation, running at a record of 102.8 percent in June, to a monthly amount of 30 percent in the first months and a steady 20 percent toward the end of the year. The author of this article warned at the time that with the economic policy conducted up until that time we would probably have inflation between 50 and 60 percent in coming months which would nullify the effects of the currency reform at that time in just five to six months. That is, our assumption was that over such a short period the average prices would rise 10-fold, so that we would again remove zeros from the bank notes that we had changed in a record short time (BORBA, 22 July 1992, essay entitled "Tribute to Excessive Administration," p 8). The logical question which was put in public on that occasion was this: Why did the currency reform at that time not undertake to remove two or three zeros? The answer of the authorities was that the money had been prepared and produced much earlier, before the destructive and uncontrolled hyperinflation had completely devalued its basic unit, and so from that perspective the currency reform by a factor of 10 seemed far more acceptable.

It is difficult to go back from this market-oriented and monetary perspective to the state of monetary sensibility at that time, when citizens were having great troubles because ordinary payments could not be made with the most valuable 5,000-dinar bank note (about 40 German marks [DM]), a handful of which will not get you even .5 kg of meat today (about DM3). Be that as it may, the effects of the currency reform at that time are spent, because the cumulative price index in December, relative to the end of June 1992, was already over 1,000, which means that in the meantime prices had risen an average of 10-fold.

It seems in this country that money is the only "unlimited resource" and "public good" on whose reproduction there is no restriction. Its "success" is in proportion to the lack of success everywhere else. The problem of "soft money" and chronically inadequate budget restrictions is characteristic of the economies of real socialism; it was manifested here long ago, at the time when the original model of the semimarket self-managed economy was

being developed. A high rate of inflation has been with us constantly, especially during the crisis stages of the economic life of the former SFRY, and it was particularly manifested in the eighties.

However, what has been happening here over the last year cannot be compared even to the monetary policy and practice of the former SFRY and monetary systems similar to it (Argentina, Bolivia, Israel, and so on). Because the monetary policy (issuing of money) of this country was in actuality taken over by the current political structure of Serbia, annual inflation in one year, by late 1992, rose to nearly 20,000 percent, which is about 90-fold more than the rise of prices in 1991 (235.2 percent) and about eightfold more than hyperinflationary 1989, which had been the record up until that time (2,665 percent).

A comparison to the economies of the former republics of the SFRY (now independent economies) shows immense inflationary "superiority" on our side. Macedonia separated from the monetary space of Yugoslavia only in March 1992, but inflation on its territory over the last nine months is one-twentieth of what it is here. After all, at the moment, one Macedonian denar is being exchanged on the black market in Skoplje for two current YU-dinars, which is the same as 20 dinars before our July currency reform, the period when parity was 1:1. The Croatian dinar's loss of value against the German mark from the moment of the monetary split with the SFRY to the end of last year has so far been one-thirtieth of the actual devaluation of the Yugoslav dinar. The black market exchange rate for DM1 is 475 Croatian dinars, and the rate of the German mark in Belgrade is about 1,500 dinars, that is, 15,000 of those in effect at the time when the independent Croatian currency was born and when parity was 1:1 with the YU-dinar.

In comparison to the members of the former SFRY, Slovenia has unquestionably the most stable currency. In late 1992 (calculated on the basis of the market exchange rate of the German mark), 1 Slovenian tolar was worth about 20 current dinars or 200 of those at the time when Slovenia gained monetary independence and when the initial parity was 1:1. In less than half a year, obviously, the authorities there have conducted an altogether different monetary policy, and in addition it is of some importance that that former Yugoslav republic was the first to leave the common (chronically inflationary) monetary and economic-policy space.

In spite of the unprecedented monetary expansion and inflation on a scale unrecorded in the contemporary world (almost 20,000 percent a year in late 1992), we still have not experienced the anticipated monetary collapse. On the basis of historical experiences, hypertrophy of note issue produces its own multiplication, but it encounters real limits when even ordinary transactions on the market become impossible because the money is losing value so rapidly. Thus, in Germany in the fall of 1923, the story goes, a man entering a tavern immediately ordered himself two or three glasses of beer, even though at the end it will be warm when he drinks it, just so the amount will be calculated at the same price. During the American Civil War (1861-1864), many orders and transactions stood in abeyance because no one was able to determine their real price. Of some transactions, it was said: "We will pay after the war." In the world of a market economy, those were all ways of avoiding the unpleasant consequences of a monetary collapse and the immense redistributions (theft of money which is actually concealed) that occurred during rising and unexpected inflation.

By contrast with the historical experiences mentioned, we have achieved a kind of monetary syndrome that might be called controlled and permanent hyperinflation. We have become almost entirely accustomed to a monthly rise of prices of about 60 percent. The figures show that the average inflation in the first six months of 1992 was about 61 percent, and in the second half 52 percent per month. The rate of controlled hyperinflation will probably hold in 1993 as well, at a somewhat higher monthly average, of course, because of the effects of so-called concealed (postponed) inflation because of partial control of wages and salaries and a significant portion of the prices of products and services.

The system here has almost entirely become accustomed to long-term hyperinflation (incomprehensible to the modern world). Business firms, banks, individuals, peasants, and the government have become accustomed to prices rising about 60 percent per month. Steady periodic waves of chain-effect price increases of basic foodstuffs, energy, transportation, municipal services, and even, somewhat less certain fluctuations of the exchange rate of the currency for foreign exchange on the black market can be assumed almost with certainty and in part forestalled. That is why a large number of individual, family, and enterprise "economic" activities in this country come down to a permanent game with the market and the government (purchases at old prices, shifting payment dates for bills, the buying and selling of foreign exchange, credit transactions and transfers between current and other accounts, savings in private banks, and numerous other activities which are speculative to the highest degree).

The fact remains that inflationary expectations are still not turning into a money-price explosion and absolute chaos here and now. This is suggested by the situation on the market, in which, regardless of the rapid loss of value, the immense additional issue of money, and accelerated rise of the exchange rate of foreign exchange, there is not enough of the current dinar money in circulation. Almost all cash payments are in crisis, and money demand is markedly high. Psychological-political factors are multiplying the already excessively large demands for cash payments. Nominal and even real interest rates on dinar time deposits in the new private banks are climbing to dizzying heights. Unheard-of amounts of money seem to be obtained on a money deposit made now for only six months (an increase of 108 percent for foreign exchange and all of 30,800

percent on a dinar deposit). Thus, in a situation of destroyed production and a miserable [original reads "minor"] per capita national income of only $800, this creates and maintains the illusion of the possibility of easy wealth in the midst of general poverty and isolation.

But that system (of private hypertrophied saving) is still holding on. At present, the government (with its current economic policy and monetary expansion), society (with its socioeconomic structure and psychological-political factors), and what up until now have been the "large" socialized banks (because of their own pro-government position, lost confidence, poor organization, and inferior competitive position) are working in a way in its favor.

The entire complex we have mentioned (the government, the economy, the banks, and the new private savings) are thus becoming a mechanism for maintaining a long-term hyperinflationary economic system in which the monetary and financial spheres have been absolutely forced upon the real (material-physical production) sphere, whose deficits are still being covered with inventories, private reserves, the unregistered gray economy, new redistributions, and multiplication of the total debt, public and private.

The second essential factor in the maintenance and reproduction of the model of permanent hyperinflation is the specific force of political will here. For a long time, even during the former SFRY, there was talk about how it was possible in the years when party congresses were held to see that prices rose slower than wages or even to make it possible for the social product to increase at a higher rate, and so on. Now, certainly, the conditions do not exist for that kind of "political" growth of output. But there was an evident reduction of the monthly level of inflation during the election campaign (October—49.8 percent, November—33.3 percent). That rate also held in the first weeks of December. In that period, as we saw, the prices of electricity, heating, public transportation, and a large number of foodstuffs were allowed to "hold" for two months. Right up until election day only 1,000 dinars, or DM0.7, had to be paid here per liter of gasoline (during a general blockade and petroleum embargo), which is half what it is in a majority of European countries. Even a majority of the prices that were not "frozen" were in some kind of strange "campaign abeyance." That, of course, was possible only in a system of an economy that is commanded and less and less market-oriented and in the context of the economic policy that corresponds to it. However, the last week of December 1992, as we write, abounds in price increases (milk and dairy products, petroleum and other liquid fuels, public transportation, etc.), whose price adjustments are at the level of the anticipated average monthly growth rate of 60 percent. Because for certain branches and activities (the electric power industry and municipal service system), this tardiness in price adjustment probably meant larger losses, we should expect still more sizable new adjustments and a far higher initial thrust of New Year's inflation as compared to the last months of 1992.

As for the use of money, this time probably the government will nevertheless decide to put new and more powerful bank notes of 50,000 and 100,000 dinars in circulation instead of a currency reform and replacement of the currency. However, at a somewhat higher level of monthly inflation, in the coming period (probably about 80 percent per month) it will be necessary to put such new bank notes (with ever higher face values) into circulation every three to four months. The boxes on bank checks and the lines in bank statements will become too small to write the digits, and in just six to seven months we will have nominal price amounts approximating those in late 1989, when the currency reform should have been carried out in the ratio of 1:10,000. The difference is nevertheless essential. The money of that time lost its value over the previous 24 years, while the value of this currency occurred over only half a year of the currency's use.

So, one must ask whether one day the money here will ever become—money?

## Roundup of Firms' Activities, Sanctions Effects

*93BA0606A Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 18 Jan 93 pp 36-37*

[Unattributed article: "Impact of the Blockade"]

[Text] Metalworkers in Novi Sad did not work the first 10 days of the month because they judged that new losses would result every time they started up the machines.

The VIS Threaded Hardware Factory of Svilajnac is operating at 20-percent capacity at the moment; 300 workers are on paid leave.

The shortage of production supplies and appropriate chemicals threatens to shut down machines altogether.

Before the sanctions were instituted, the 25 Maj Wiring Devices Factory of Raca delivered 90 percent of its output to FIAT in Italy. Under the present conditions of production confined to special vehicles and agricultural machines, it is difficult to keep the firm liquid.

Jugoalat of Novi Sad lacks special steel material for the production of standard and special tools—the capacity for this assortment is employed at 10 percent.

Dahlia, the Belgrade cosmetics producer, has problems obtaining imported raw materials and glass containers. When cooperation was interrupted with leading world firms, the program of expensive decorative cosmetics was also halted.

Sintelon of Backa Palanka has not been operating for more than a month now, and about 2,000 workers are on mandatory annual leave. Exports planned for last year worth $60 million did not take place. However, the people at Sintelon warned that the loss of business partners abroad is far more dangerous than the loss of last year's inflow of foreign exchange.

**Sumarstvo—Pljevlja: Pessimistic Forecasts**

For a long time now, the Montenegrin economy has been characterized by a structure that does not fit the available materials and production supplies. That is why the reflections of business executives are pessimistic, because they are not convinced that the economy will recover quickly after the sanctions are removed. The adverse conditions for conducting business have been manifested particularly in machinebuilding, the textile industry, the building materials industry, and paper production and processing. Somewhat more favorable business results have been recorded in agriculture and the trade sector—agriculture's share in the social product increased from 6.1 percent to 10.5 percent, and in the trade sector the improvement was from 16.6 percent to 21.1 percent. The significant drop in output and sales in manufacturing capacities occurred after the economic blockade was imposed. The closed and considerably reduced market brought about a drop of the social product in the firms of this industrial sector. However, the economy's stagnation began before introduction of the sanctions, which only speeded up that process.

The republic's business executives met at the end of last year in the Montenegrin Chamber of Commerce. Here are some of the assessments expressed at that meeting. Ljubo Rondovic, director of Sumarstvo in Pljevlja, believes that many uncertainties await the economy in the coming year regardless of certain optimistic predictions and assessments. He says that it is not easy even for firms which have satisfactory liquidity and increased output, because among other things the new impositions of the government (taxes) are making business operation more difficult. He favors a clear polarization of the government and the economy; his view is that under the sanctions there can be no question of production programs, only of bare survival.

Radoslav Bulatovic, director of Bjelasnica of Bijelo Polje, thinks similarly, emphasizing that the grave situation in the economy is being felt most by business executives and to a much lesser extent by other entities in the republic, and he favors equal distribution of the burden among all those who are expressing fear of an explosion of dissatisfaction and social unrest. In that context, everything should be adapted to the present situation. Finally, he favors reduction of taxes and contributions in the economy so that the economy can at least be relieved of the excessive burden which is pressing down upon it. Vuk Vukadinovic, director of Montex Banka in Podgorica, believes that the situation in the republic's economy is much worse than the official estimates. He also believes that assessments of the conditions for business operation after removal of the sanctions are excessively optimistic, because he is not convinced that the sanctions will be removed soon, and the economy has been in a state of collapse for a long time now.

Director Vukadinovic calls particular attention to the process of privatization, which in his opinion has been taking place anarchically. He believes that Montenegro must have its own economic program after the sanctions are removed, because it is inadvisable to wait for the federation to adopt such a program. In addition to that program, two other programs need to be drafted: a program of measures to be carried out if the sanctions persist and a program for mitigating the sanctions. Without such programs, the problems are simply being deferred, which makes the situation still more difficult, and postponement of facing the truth could have disastrous consequences.

Branislav Ivanovic, director of Titeks, deems it necessary to draw up an economic program which would respond from the macroeconomic aspect to all the questions whose solution cannot be postponed and which have vital importance to Montenegro's economic development. The program would have to contain all the necessary balances (composition of the population, the labor force, energy, raw materials, food, the market, etc.), so that they could be used to draw up an appropriate program of possible activities of the republic's economy and of its ability for successful business operation.

Branislav Tomic, from the small business sector, directed serious criticism at the government, which in his opinion is not functioning. "If the government is functioning, then there cannot be a legal and illegal economy, because the competent government agencies are required to prevent everything that violates legal regulations and its interests," Tomic said.

He believes that the large firms are being "fed" excessively from the budget. So they, just like all the rest, should be left to the market and taken under control, because it is illogical and unprofitable for a majority of the workers to wait for money to flow down from the government treasury (the budget).

**Niteks—Nis: This Year's First Barter Transaction**

Niteks, Nis Textile Industry, has signed a contract for this year's first export barter transaction in the amount of $1 million. The firm's representatives have announced that new export arrangements worth another $2 million are in prospect for the first half of the year. Nevertheless, all Niteks' plans for this year, even though materials have been furnished for unhindered production in the first six months, are dependent upon removal of the blockade and adoption of the country's economic policy measures.

Niteks is one of the rare factories in the south of Serbia which has been maintaining its pace of production in spite of numerous difficulties. While on the one hand it has promptly met all its obligations, it has been continuing its investment activity. Construction of the cotton spinning mill with a capacity of 2,000 tons of yarn per year, in which 10 million German marks [DM] are being invested, expansion of work space, and introduction of new technologies based on market requirements represent the key projects in Niteks' program for this

year. In order to guarantee that work is not hindered on the new projects and to achieve considerable savings of heavy fuel oil during the winter, Niteks' employees are taking a collective rest during January, and then they are going on paid leave until 1 April. Only the plants making high-fashion clothing according to the designs of Mirjana Maric will be operating during that period.

**Vulkan—Nis: Production of Environmentally Safe Rubber Caterpillar Tracks**

The Vulkan Rubber Industry, in collaboration with the School of Agriculture at Novi Sad University and other domestic and foreign partners, has mastered the production of rubber crawler tracks. The new product, which will have importance to the environment, will replace steel crawler tracks on tractors, draglines, cranes, and other agricultural and construction machines.

The rubber crawler tracks, Vulkan specialists say, have advantages not only concerning the economic efficiency of their use, but they are also more resistant to high temperatures, they do not "compact" the soil in plowed fields when machines work them, and they do less damage to the asphalt on highways.

The rubber crawler tracks from the Nis factory will be promoted, it is planned, in a symposium devoted to agricultural and technical products in Vrnjacka Banja at the end of the month.

**Sabac Sugar Refinery: Planting Contracts Have Begun To Be Concluded**

The other day the Sabac Sugar Refinery began to conclude contracts for the planting of sugar beets (in the area from which it obtains its raw materials) differently than in previous years. That is, the factory decided to conclude contracts directly with producers (without going through agricultural cooperatives), considering this form of cooperation simpler and more efficient.

The sugar refinery offered potential producers of the "sweet root" 100 liters of diesel fuel and 300 kg of fertilizer per hectare. If beet digestion attains 15.5 percent, and the yields per hectare are higher than the average for this region, producers will be exempted from paying for the petroleum, fertilizer, and seed.

Another intervention from the Sabac Sugar Refinery that will certainly be of interest to producers is that the price of sugar beets resulting from this planting season will be adjusted to the price of sugar.

**Crni Vrh—Bajina Basta: Favorable Business Operation**

Crni Vrh, a socialized firm, ended last year with favorable indicators: the annual production plan was achieved at a level considerably greater than expected both in terms of the physical volume of output and financial indicators. According to Andjelo Gajic, director, if the local supplier, the Tara National Park, had been delivering raw materials on time, as had been mutually agreed, the results would have been still better.

During last year, specifically in the first six months, Crni Vrh marketed 95 percent of its plywood, parquet flooring, and furniture on the foreign market. Arrangements scheduled for the second half of the year were "frozen," but permanent contacts were maintained with the foreign partner.

Plans for 1993 call for increasing the physical volume of production by 35 percent over the actual result last year, provided conditions normalize.

**Zlatibor—Uzice: Capacity Utilized**

Zlatibor, a construction firm, last year built more than 600 housing units in Belgrade, Novi Sad, and Uzice, and in Podgorica it built office space with an area of 4,000 square meters. This year, it will build more than 200 housing units and office space with an area of 3,500 square meters. The work has been contracted for in Belgrade, Novi Sad, Podgorica, and Uzice. The entire capacity and labor force will be employed on these projects.

Last year Zlatibor was a subcontractor in the German city of Cologne. This year it will also be doing subcontracting in Germany and Russia.

**Bajinovac—Bajina Basta: More Tobacco Planted**

At Bajinovac, a socialized firm, they are not satisfied with the amount of tobacco purchased from the 1992 harvest, which was diminished by the lengthy drought and virus. However, regardless of this year's results, the interest of producers has increased, because it was demonstrated that money could be made by raising this crop.

The country's tobacco industry has processing capacities for 15,000 tons, but in 1992 purchases amounted to about 10,000 tons, which means that a third of the available capacity went unused. Bajinovac figures that in 1993, if it contracts with 1,000 farmers to cooperate in growing tobacco, and if the yields are 400 tons [as published] per hectare, processing capacity can be utilized and the needs of the market can be met. Plans for this year include building a tobacco-drying facility, an irrigation system in the Drina Valley, which is indispensable for the Virginia variety of tobacco usually raised in that region.

**New Construction and Reconstruction Projects**

**DIN—Nis: DM152 Million for Development Programs**

Last year the tobacco industry produced 10,500 tons of cigarettes, which is 17.6-percent less than the results achieved in 1991. The blockade, the shrinking of the domestic market, measures in the area of monetary policy, and the high growth of inflation affected DIN's [Tobacco Industry of Nis] balance sheets for last year's business operation.

DIN increased its share in Yugoslav tobacco production to 66.1 percent, and in spite of the large-scale smuggling of foreign cigarettes, it recorded a large growth of sales on the domestic market.

In the traditional New Year's press conference, Vujica Djuric, deputy general director of DIN, included among the firm's successes the lively investment activity, emphasizing that even last year DIN was the largest construction site for civil engineering projects—a new infrastructure was built, work space was extended, the factory grounds were improved, and conditions were brought about for new development programs.

In 1993, DIN expects to continue construction of its R&D institute, begin construction of a cigarette factory with a capacity of 20,000 tons of cigarettes per year, and invest in many accompanying activities. Investments in those two most important projects—the institute and the new cigarette factory, will alone exceed DM152.5 million.

The plan for this year envisages an output of 12,420 tons f cigarettes and an 18-percent growth of production. As noval of the sanctions is awaited, they expect to export 000 tons of cigarettes under arrangements which have en "frozen." In any case, DIN has brought about conditions for normal production in the first months of this year, but the course of business operation after that will depend on other circumstances.

**Jugoduvan—Nis: Another 500 Driers for Tobacco Farmers**

Jugoduvan's purchasing and processing facilities this fall bought more than 5,000 tons of leaf tobacco of excellent quality from producers. More than 11,500 tobacco farmers from southwest Serbia received 12 billion dinars for their effort.

Jugoduvan representatives say that in spite of the illiquidity of the banks, funds have been promptly supplied to pay for all quantities of tobacco purchased so far. The tobacco firm also met its promise to farmers that purchase prices would keep up with inflation and the agreed parities between tobacco and wheat prices.

Purchasing firms will provide even greater incentives for the production of broad-leaf tobacco varieties, especially in the region of Ljubovija. Farmers there have been given 100 driers under favorable conditions. This year a new series of 500 driers is to be distributed.

## Serbia

### Government Condemns Kidnap of Train Pasengers

*LD0103222193 Belgrade TANJUG in English 2151 GMT 1 Mar 93*

[Text] Belgrade, March 1 (TANJUG)—Serbia's government condemns the 'violent act' of kidnapping a group of passengers from a Yugoslav train in the village of Strpci on the territory of the former Yugoslav republic of Bosnia-Hercegovina, the Serbian Information Ministry said on Monday [1 March].

TANJUG learned from unofficial sources of the Yugoslav Army on Sunday that a group of unidentified armed men on Saturday afternoon kidnapped 20 or so passengers from a train from Belgrade to the Montenegrin Adriatic port of Bar.

The kidnapping took place in Strpci, a village located on the territory of Bosnia-Hercegovina near the administrative Bosnia-Serbia border but not firmly held by the Bosnian Serb army.

A four-kilometer section of the Belgrade-Bar track cuts into Bosnia-Hercegovina.

According to unofficial reports, most of the kidnapped passengers are Muslims, eight of them are Serbs and one is Croat. Muslim sources in the Serb town of Priboj, which borders with Bosnia, put the number of kidnapped men at 40.

The Serbian Government said it was 'taking comprehensive measures and activities' to find the kidnapped and would do its utmost, in cooperation with the Serbian republic (the state community of Bosnian Serbs), that traffic on the Belgrade-Bar line unfold safely.

The Interior Ministry of Montenegro, which together with Serbia makes up the Federal Republic of Yugoslavia, said on Monday the kidnapped group included five Montenegrins of Muslim nationality.

The ministry said it would take all necessary measures, through competent federal organs, so that the kidnapped passengers be found.

### Commentary Assesses Difficulties of U.S. Operation

*AU0103142193 Novi Sad DNEVNIK in Serbo-Croatian 24 Feb 93 p 4*

[Commentary by Milan Bozokin: "Humanitarian 'Bombing' of Bosnia"]

[Text] The President of the United States Bill Clinton has decided to use transport aircraft to drop humanitarian aid in the threatened areas of Bosnia-Hercegovina. The months-long "hot-cold" attitude and the uncertainty surrounding the U.S. involvement in the war conflict in the former central Yugoslav republic has finally come to an end.

UN Secretary General Butrus-Ghali has given his blessing for this humanitarian operation, and has stressed that it must be monitored by the world organization. However, news agencies report that Madeleine Albright, U.S. ambassador to the United Nations, has announced that the United States does not need the Security Council's permission to go ahead with this operation since resolutions adopted earlier give them

this right. The U.S. decision is based on Security Council Resolution 770, adopted on 13 August last year. This resolution permits all UN member countries to use "all the means at their disposal" in order to secure the delivery of humanitarian aid.

So far, there are three internationally known systems that enable the dropping of cargo from an aircraft in flight: the PLADS, LOLEKS, and PRS [abbreviations not further specified] systems. All three were used in the Vietnam war in 1966. In the PLADS system, the cargo is placed on a ramp, four to six seconds before the target a parachute is ejected, which then pulls the cargo (container) with it, and the cargo drops on the target. The whole procedure is fully automatized and relatively precise. Dropping containers by way of the LOLEKS system enables the American transport aircraft to fly at low altitudes, while the PRS system uses special missiles that enable fragile cargo to land more softly and successfully. When using the PRS system, the aircraft fly at an altitude of 80 to 100 meters.

While all three systems are precise, military experts say that in the case of Bosnia-Hercegovina, the Americans will have a hard time carrying out the operation. Although there is a possibility of dropping humanitarian aid from aircraft, this will be very expensive given the current weather conditions and it is uncertain in whose hands the humanitarian aid will end up: Serbian, Muslim or Croatian. Secondly, given the terrain in former Bosnia-Hercegovina, it is uncertain where the containers will land and how the people will get to them. On the other hand, if the aircraft fly at low altitude, they will become the target of all three warring sides. The Muslim and Croat soldiers have STRELA-2M missiles and STINGERS, while the Army of the Serbian republic [of Bosnia-Hercegovina] only has the STRELA-2M, so it will be very difficult to determine who opened fire if this occurs. However, it is precisely the fact that all three sides can come under suspicion while only one will be blamed, that may cause a wider front than the one already existing, to open up on the territory of the former Bosnia-Hercegovina.

This latest American decision to deliver humanitarian aid to the threatened population in Bosnia-Hercegovina, is most probably just a front for something else. Namely, this operation presents a great danger for the Serbs and a possibility for the Muslims to arm themselves. That is why President Clinton has been exposed to pressure in the Senate. Along with American and probably French transport aircraft, there is a possibility that Turkish transport aircraft will also be included in this operation. Instead of food and medicine, the Turks will load the containers with weapons, which they will then proceed to deliver to their brothers in Bosnia. After the humanitarian aid is delivered, two, three days should be allowed to pass, and if the Muslims then undertake a powerful offensive, the picture will be clear.

In order to deliver their cargo as precisely as possible, the aircraft must fly at as low an altitude as possible. From the time of World War II to present day NATO and other maneuvers, the transport aircraft have never dropped cargo from an altitude higher than 800 meters. However, owing to the configuration of the terrain in eastern Bosnia, (and not only there), they have to fly at an altitude not lower than 1,700 meters. This will make it very difficult for them to drop the large amounts of cargo precisely on target by using parachutes. Moreover, the transport aircraft that will lift off in Germany and Italy, will have a hard time orienting themselves in this area, especially since they do not have a meteorological station to give them precise information about the wind speed. The only places where they can fly at an altitude of 100 meters are the Zenica, Sarajevo and Mostar basins.

To deliver the humanitarian aid, which will probably consist of food and medicine from the air, the Americans will most likely use the C-130 HERCULES, the C-141 B STARLIFTER, and the French C-160 TRANSAL, which can carry eight tons of cargo a distance of 4,500 kilometers. This operation will probably also include the Italian transport aircraft G-222. The STARLIFTER, which can carry 41 tons of cargo, is by far the largest of these aircraft. These transport aircraft will be escorted by fighter bombers from the aircraft carriers situated in the Adriatic, and they will be led by the F-16.

The Americans have probably thoroughly thought everything through, and are aware of what they are letting themselves in for by undertaking this operation. Is it profitable for the United States, Italy, or any other country to risk losing a single aircraft and (at least) four human lives to deliver humanitarian aid? Perhaps they will use this operation to provoke an incident, because every opening of fire on the transport aircraft, might result in retribution, a possibility that the Americans have already announced a few days ago. This in turn, would mean a deeper involvement of the United States in the war in Bosnia-Hercegovina. Whether the Americans openly want this or not, will become clear within the next few days.

## Draskovic: Demonstration Will Not Be 'Peaceful'

*AU0103174493 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 1 Mar 93*

[Text] On the occasion of the second world convention of the Serbian Renewal Movement [SPO], the party representatives held a news conference. Everything is ready for the beginning of the convention that will take place in the Belgrade Sava Center on 6 and 7 March, SPO Leader Vuk Draskovic said. Here is a report by Katarina Andric:

[Begin recording] [Andric] With the session of the SPO Main Committee, which was held yesterday, preparations for the second world convention of the SPO have been finalized, Party Chairman Draskovic said. The party's Main Committee has endorsed the text of the proposal for a new program and a new statute of the party. The new main committee will consist of 151

members. They will be elected by secret ballot from 185 candidates. The party chairman, five deputy chairmen, a commission for statutes, and a commission for the supervisory committee will also be elected at the convention by secret ballot, Draskovic said.

Many representatives of the opposition parties from our country, prominent Serbs from abroad, as well as representatives of parties of democratic orientation from Russia, Greece, Sweden, Hungary, and Bulgaria have been invited to the second SPO convention.

In reply to journalists' question of whether the demonstrations on 9 March will be violent [nasilnicki], Draskovic said that this does not depend on the SPO and added the following:

[Draskovic] I am sure that they are not going to be peaceful [miran] and I think that the very misfortune of the people and the complete and all-out collapse will cause them not to be so, and therefore those present are again going to be those who [word indistinct] and provoke the people to remove them from power by force. [end recording]

### Milosevic Says Turkish Policy 'Unacceptable'

*LD0103221093 Belgrade TANJUG in English 2138 GMT 1 Mar 93*

[Text] Ankara, March 1 (TANJUG)—President of Serbia Slobodan Milosevic has assessed Turkey's current policy on the Yugoslav crisis as unacceptable and the Turkish Government's support to Bosnian Moslem Leader Alija Izetbegovic as doing "only harm to the Moslem people in Bosnia-Hercegovina."

"The present stand of the Turkish Government is unacceptable because it interferes in another country's affairs. We hear war cries from Turkey, which will not produce any results but would disturb our relations," said Milosevic in an interview published in the Turkish daily HURRIYET on Monday [1 March].

Turkey urges a foreign military intervention against Bosnian Serbs. For the past eleven months, the former Yugoslav Republic of Bosnia-Hercegovina has been the scene of a brutal civil and religious war which has pitted the local Moslems and Croats against Bosnia's Serbs, owing to the Moslem leadership's activities aimed at turning Bosnia into an Islamic state.

Milosevic also said that the Turkish Government's idea about "Turkish empire from the Adriatic Sea to the Great Wall in China threatens the interests of Serbia and Greece," and added that "such a policy in the Balkans is completely unrealistic."

Talking about the causes of the war in Bosnia-Hercegovina, Milosevic said that the "decisions to secede from Yugoslavia practically caused the bloodshed," and that the world practically supported the war by recognizing such "illegitimate decisions."

The decision on Bosnia-Hercegovina's secession from Yugoslavia was made by representatives of Moslems and Bosnian Croats, without consent of Serbs, the third constituent people in Bosnia, in spite of the fact that the Constitution of Bosnia-Hercegovina stipulates that all decisions of the interest for the republic have to be made through consensus.

The European Community recognized Bosnia-Hercegovina as an independent state on April 7, 1992. "It was a dangerous policy, which, I believe, was against the interests of Moslems, because Moslems do not live in Bosnia-Hercegovina only. They also live in Serbia, Montenegro and Macedonia. Was it not in their interest to live in one state and not to be divided into four different states," said Milosevic.

The Serbian president said he told Bosnian Moslem leader Alija Izetbegovic that the secession was going to be a mistake. "Izetbegovic said several days ago: Perhaps we made a mistake by making a decision on Bosnia-Hercegovina's secession, and had we decided differently there would have surely been no war," added Milosevic.

Explaining Serbia's stands towards the settlement of the conflict in Bosnia-Hercegovina, Milosevic said that they correspond to the proposals of the cochairmen of the conference on former Yugoslavia, Cyrus Vance and Lord Owen, and to U.S. President Bill Clinton's stands, who, Milosevic believes, "urged permanent and just peace as a starting point of the settlement of the Yugoslav crisis, which means respect of the interests of all three peoples in Bosnia-Hercegovina."

Milosevic also said that negotiated settlement of the Bosnian crisis is the only way to resolve the crisis and added that "Serbia will support and respect every solution reached by the three people in Bosnia-Hercegovina having the same rights through consensus and negotiations."

When asked whether the ending of the war depended on Bosnian Serbs too, Milosevic replied he was confident that they wanted the war to end. "The Serb side has made several unilateral decisions on cease-fire. Unfortunately, Izetbegovic's leadership insisted on continuing the war operations and breached every cease-fire in their naive attempt to provoke foreign military intervention," said Milosevic.

"How else could one explain the fact that Izetbegovic's army carried out two large-scale offensives in the Sarajevo and eastern Bosnia regions, including the attacks on the territory of the Federal Republic of Yugoslavia, which are carried out continuously, at the time of intensive negotiations at the Geneva conference early this year," said Milosevic.

Milosevic also said that he is against the affirmation of Bosnian Serbs' interests at the expense of Moslems, and added that if "someone obtains something, even temporarily, at the expense of someone else's interests, he will be digging his own grandchildren's graves. This is why it

is necessary to have just peace, which will not be maintained by force but will, being just, enjoy full consent of all sides concerned," said Milosevic.

## Fascist Tendencies Noted in Present Regime

*93BA0510A Ljubljana DNEVNIK in Slovene 5 Feb 93 p 9*

[Article by Tatjana Mandic: "There Will Probably Not Be a War..."]

[Text] Two things are important for Belgrade and Serbia these days. The ruling coalition is shamelessly taking power fully or partly into its own hands, since it is ousting the opposition side from any sort of decision-making. At the same time, that state is living in more and more poverty, and its citizens' material situation is drastically deteriorating. Strikes have begun, there is no gasoline even for the most urgent things, and trains and buses are running infrequently. Nevertheless, all of this is still not shaking up that state enough. It is incomprehensible, but true. One can still get bread, even if it is already more or less too expensive for retirees, one can still buy meat, and there are still some people who do not ask about the price. Those people say that they have taken the sanctions and resolutions in stride. Money opens doors where a key does not. But for how long?

The state does not care about economic issues, or about how to stop the war and suppress crime, as the Serbian president has claimed at the top of his lungs. Prices have risen, inflation will be so high that it will probably be entered in the book of records, and people are even predicting that million-dinar bank notes will be printed. There are more and more people, however, who have lost their jobs, and who have had to go on compulsory furloughs, because their surnames do not end in -ic. There are also more and more physical attacks against people of different nationalities, not to mention anonymous telephone threats. Not even school directors are safe from replacement. A short time ago Slobodanka Kojadinovic, the wife of the director of the Studio B independent television station, had to leave the director's position at the St. Sava elementary school. She was not suitable for that position. Also replaced was the well-known director, producer, and playwright Vido Ognjanovic. Instead of her, the state and the ruling party appointed the actor Aleksandar Bercak as director of the National Theater. Many radio and television journalists are unemployed because they did not seem suitable to the authorities, and every day there are more and more such unsuitable people.

The violence has assumed such a scope that a short time ago, even the well-known Yugoslav Dramatic Theater actor Irfan Mensur was attacked in the theater's coffee shop. In that case, shots were even fired. When I asked him whether he wanted to say anything more about the affair and whether he wanted the attackers to be found as soon as possible, he said that the affair already said enough by itself. He would rather that the unknown attackers not be found, if it all ended as it is now, but in his opinion official Belgrade should condemn all of this as harshly as possible. It was not an ordinary beating—a person's life was threatened. As a well-known actor, he attracted attention, of course, but what if something like that had happened to an unknown person? The actors at the Yugoslav Dramatic Theater agree with him completely. It is a indication of fascism, and that should be stated publicly, they thought, and they agreed that in protest they would cancel all performances for one day, as was also done by other well-known theater companies, except Bercek's, unless it receives other instructions.

Belgrade is experiencing a cultural upheaval these days, which was caused by the winners of the last elections, combined with the Radicals. They are dismissing rectors, spitting on academicians and university professors; doctors have to go into retirement; artists are being differentiated.... Free-thinking Belgrade rationalism is warning that this is leading to darkness. It seems, however, that it is a voice crying in the wilderness. Twilight is looming over Serbia.

In the countryside, as well. It is even more noticeable there. They are publicly proclaiming that the rally-holders and Panic's people are finished. The opposition, however, is keeping silent and waiting, since there are few opposition people in the countryside who dare to say that the elections were rigged. In Gornji Milanovac, Valjevo, and Kragujevac they dare to say that people chose a communist-fascist coalition. Do not be surprised, they say, that this is the people's choice. The opposition did not have any criticisms of the legality of the elections in central Serbia, in Sumadija. They only hoped that the Belgrade opposition would gain more, since the south of Serbia is not worth talking about. The madness of unanimity has already reigned there for a long time.

Even the best experts on the situation in Serbia are confusedly wondering why people decided on the military, obstinate option, even though it sounds almost unbelievable that it is precisely in the countryside, just as in Belgrade, that few people are responding to military drafts. It is a time of confusion. People do not want to see the truth. The situation would be even worse if there had not been such warm weather in January. They thus did not feel a real freeze. People are telling fairy-tales about the feats of the Serbian Danube shippers. They are breaking through the Djerdap ambush, violating sanctions, importing oil.... Real heroes! People are forgetting in this regard, however, that possibly someone is deliberately stirring up the eastern part of the Balkan crisis, since the ships with oil that are mostly freely coming to Serbian ports along the Danube are increasingly dangerous sparks that can kindle a fire, in a real and metaphorical sense, because of their inflammable content.

Ships are playing an important role, just as in most cases in pre-war crises. Let us recall that the battles for Djerdap, a broad navigational route, were also decisive

in 1941. People in Belgrade, however, are still only asking with concern, "There will probably not be a war...."

**[Box, p 9]**

**Irfan Mensur's Attacker Caught**

It was announced yesterday in Belgrade that one of Belgrade actor Irfan Mensur's attackers had been caught, and the other has been identified and is being sought. The one caught is 33-year-old Tomislav Filipovic, and charges have been filed against him with the misdemeanor judge for his audacious behavior and firing, along with criminal charges for the punishable act of causing general danger.

## Roundup on Activities of Enterprises

*93BA0611A Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 8 Feb 93 pp 35-37*

[Unattributed article: "News From Business Firms"]

[Text] *Trgovacka Banka D.D. of Belgrade: Safe Deposit Boxes, Capital Reserves...*

In rounding out its offering of banking services to the public, Trgovacka Banka [Bank of Commerce] D.D. [joint stock company] has opened 1,830 safe deposit boxes in four different sizes for the storage of valuables. All that remains is the ATM [automatic teller machine], an automatic device through which the holders of current accounts and deposits can withdraw money under exceptional circumstances. The advent of the ATM has been postponed because of the foreign sanctions and blockade. Along with the new business with safe deposit boxes, in premises with 360 square meters of space furnished and equipped up-to-the-minute for the public, the bank is offering dinar and foreign exchange savings, current accounts, and giro accounts, as well as foreign exchange transactions, currency transactions, and settlement and collections.

The business of safe deposit boxes was not initiated because of its high profitability. The rent on safe deposit boxes ranges between 30,000 and 100,000 dinars a month (the shortest term for rental is six months). This is not one of the most lucrative lines of business, but it makes it possible for the bank to offer a complete range of services to the public.

According to figures which are not yet definitive, Trgovacka Banka ended last year with 124 founder-shareholders (there were 14 at the outset), and it has contracted with more than 350 firms on sight deposits of funds and of their being treated as a deposit.

With a total potential of 18.5 billion dinars (at the end of 1991, it was 140 million) and capital of 5.8 billion (here the growth is still more pronounced), the bank has already joined the middle ranks in terms of size and the highly successful banks in terms of the profitability of operations. The essential thing is that it has no legacy of contaminated loans, so that it is able to commit its entire potential to realizing a return.

Private firms have a share of 79 percent in the structure of capital (funds), and socialized and public firms 21 percent. It is a significant datum that 4 billion dinars more than the minimum obligations established by law are to be set aside for revaluation reserves. Because of the larger appropriation to revaluation reserves, the value of the bank's shares has risen: Thus, one share is worth 380,000 dinars (whereas in June 1991 it was worth 2,000 dinars).

Since October 1991, the bank has had full authorization to conduct international transactions on its own. After it obtained that authority, it established correspondent and current-account relations with several banks in Europe and the United States and thereby facilitated performance of all financial transactions involved in exporting and importing. It did this effectively until the economic blockade was put in place.

**Apotekarska Ustanova—Belgrade: Foreign Offering**

Last week, the first International Pharmacy was opened in Belgrade (No. 4 Ulica Mihajla Bogicevica). This is a specific type of pharmacy in the pharmaceutical health system in Belgrade. This pharmacy was opened by a joint investment of the Beograd Pharmacy Institution and Jugohemija, the Belgrade export-import firm, which also acts as agent for foreign firms.

The pharmacy offers the public a supply of those drugs from abroad which under the present conditions cannot be obtained on the domestic market. The pharmacy will be selling those foreign drugs for dinars and, according to the promise made in the opening ceremonies, at the lowest margin compared to the competition, which above all means private pharmacies. The public can also obtain drugs here on the system of direct orders; average delivery time of a drug that has been ordered is about seven days.

This pharmacy is operating outside the health insurance system in the sense that it will dispense drugs for immediate payment. All domestic drugs that are in short supply can also be obtained here when in other government pharmacies they cannot be obtained on prescription without payment. The International Pharmacy began to operate two months before the opening ceremonies, and on the basis of experience to date, the public has been mainly using it to obtain specific cytostatics, drugs for various mental illnesses, antibiotics, hormone preparations, vaccines, catheters, which are in short supply, and other drugs which cannot be obtained at all or only exceptionally in the other pharmacies.

**Carapara—Leskovac: Work Force on Mandatory Leave**

All 890 workers employed in the plants of Carapara [Hosierymaker], a socialized textile firm in Leskovac, are on mandatory leave. The factory's machinery was shut down because of the lack of basic raw materials,

which are imported, above all, synthetic yarn and chemicals. The supply of materials has been prevented by the blockade. The exporting of hosiery in the program of this well-known producer has also been altered.

The annual output of Carapara of Leskovac was about 15 million pairs of women's, men's, and children's hosiery. Between 60 and 70 percent of that output was exported. Orders from abroad stopped when the sanctions were put in place.

For the same reasons, because imported raw materials cannot be purchased, production has been halted in the socialized firm Sintetika in Leskovac, which makes yarn from textile-type chemical fibers. All 270 workers are on mandatory leave.

All 190 workers are also on mandatory leave in the socialized firm for the processing of granules and the production of synthetic fibers for the hosierymakers and Zevelon Knitwear Firm in Leskovac. In Resort in Leskovac, one out of every five workers is on mandatory leave, all 300 in the knitwear firm Vucjanka in Vucje, and in the woolen fabric firm Vucje in the industrial town near Leskovac of that name, one out of every six workers is not at his work station because imported raw materials are lacking.

**JIK Banka—Leskovac: With Commercial Notes Until Fresh Money Arrives**

In appreciation of the real need and respecting mutual interests, the Leskovac business unit of JIK Banka [Yugoslav Investment-Credit Bank] of Belgrade and the chemical firm Nevena have in a relatively short time jointly issued and put on sale seven cycles of popular commercial notes (komercijalni zapis). The entire series was purchased.

"The undertaking has two basic purposes—through the sale to attract available money and direct that savings to meet the needs of Nevena and thereby raise liquidity to a higher level, along with the possibility of purchasing raw materials and supplies as well as the updating and expansion of capacity," says Miroslav Stojanovic, director of JIK Banka's business unit in Leskovac. The first series of commercial notes was issued back in April 1991 in the amount of about 100 million dinars. According to Director Stojanovic, the notes aroused interest from the very first series, so that over the period from April 1991 to the end of 1992 a total of six series were issued, and the amount of funds obtained exceeds 1 trillion dinars.

**Impact of the Blockade**

One-fourth of Energoprojekt's 6,000 workers are on mandatory leave, and the rest are working six hours a day. According to the figures of the Trade Union of Construction Workers of Serbia, one out of every four construction workers (about 50,000) is on unplanned or mandatory annual leave.

Unless the necessary quantities of diesel fuel are obtained, the Zrenjanin factories Mlekoprodukt and BEK will be forced to shut down their machines.

Pneumatika in Ruma has shut down production, the firm Rumaplast is burdened with inventories, and the Sloga Mill and Bakery are dependent on the supply of fuel—daily needs are 1,200 liters of heating oil.

The Sloga Furniture Factory in Sombor is utilizing capacity at only 40 percent. The troubles are related to the export business, which has been halted, and to the loss of ties established over several years with partners in Sweden, France, Austria, and Germany.

About 1,200 workers are on mandatory leave in the Smederevo economy. At Fagram, 100 workers are on two-year mandatory leave and about 160 are on indefinite mandatory leave with 65-percent compensation. At Simaks, there are 120 workers on mandatory leave, in the construction firm Jugovo 200 workers are "on vacation," and according to estimates they will soon be joined by another 100 masons. There are 80 workers on mandatory leave in the commercial firm Dunav, nor is it any better at the Godomin, Nikola Krga, and Heroj Srba Agricultural Combines.

**YES Budimka—Pozega: Ambitious Programs**

During last year, YES Budimka delivered 20,500 metric tons of its products to the market, 37 percent more than in 1991. Had it not been for the sanctions, the results would have been still better—the shortage of petroleum and the transition from plastic containers to glass jars affected the pace of operation.

YES Budimka, as is well-known, produces and processes fruit, vegetables, and meat. It employs slightly more than 700 workers. It is oriented toward the production of environmentally acceptable food with the most up-to-date technology, with no addition of sugar, preservatives, or other admixtures. In addition to up-to-date technology, this is achieved through the knowledge and great effort of young specialists, who have made their contribution in the production of natural juices, marmalades, jams, and preserves. What is more, last year they began to produce sausage products, and the production of natural cocktails has also been mastered.

According to Vidosav Glavnic, its director, YES Budimka has ambitious plans this year—production, according to the plan, will reach 30,000 tons. However, if the economic blockade should last any longer, the increase will be at least 25 percent of last year's output.

YES Budimka's professional management is trying to carry out ownership transformation as soon as possible. They are working now to assess the total value of property. After that, the workers will have an opportunity to buy shares. That capital will be used to create working capital to cover future development and the raw materials base.

**Dimitrije Tucovic—Uzice: Flexibility in the Conduct of Business**

The Dimitrije Tucovic Printing Plant in Uzice was timely in mastering the production of forms for mechanical processing of data, payment transactions, and the internal program of the Social Accounting Service. It also prints books, magazines, and pamphlets, and it also engages in the production of memorandum books and other aspects of marketing. Because it obtained a supply of raw materials in good time, capacity has been used at 40 percent, which has been enough to end the business year with favorable results. They say in the firm that there is more and more competition from the private sector, which, given the drastically reduced market, is making sales more difficult—last year, monthly sales amounted to only 600,000 German marks [DM], and that is a fourth of what it was in 1990.

As they wait for the economic sanctions to be removed, the printers in Uzice are taking every marketing step they can, accepting all business offered and the shortest deadlines so as to meet the needs of the economy here.

**Potens Foundry—Pozega: Cooperation With the Railroad**

A mixed joint stock company known as Potens Livnica [Potens Foundry], with a labor force of more than 200, has been created through transformation of the former metal-manufacturing work organization Potens in Pozega, near Uzice. This small firm has achieved firm and mutually advantageous business collaboration with the railroads, the Railroad Transportation Enterprise in Belgrade. Most of the production program (about 80 percent) is based on the needs of the railroad.

That is one of the essential reasons why the Railroad Transportation Enterprise in Belgrade is concluding a contract on business cooperation and joint investment whose initial value is about 40 million dinars. The purpose is to update and expand the foundry, which would create more humane working conditions and make it possible to organize the production of new lines of products which the railroads need.

The firm's annual output under present conditions is about 4,000 tons of what are called inserts for shoes on railroad equipment, and with respect to that product the firm in Pozega holds first place in the country. Cooperation with other firms in the field of railroad car building is also opening up new and broader prospects. There are good prospects for exports to Brazil, Spain, France, Iraq, Burma, and certain other countries.

At Potens Livnica, they have organized the production of new shoes and thereby provided substitutes for the asbestos shoes previously purchased in Germany. The sanctions have slowed down this type of production for export to the countries of central Europe. In the meantime, the production of other goods and tools has increased. Likewise, the assortment was broadened by adding the production of wheel rims for mines and separation plants, and it also organized the production of tanks for floor-by-floor heating, castings for furnaces fired with solid fuel, and also castings for water supply and sewer lines.

**Matroz—Sremska Mitrovica: Dependence on Fuel**

Only thanks to favorable weather conditions and the high air temperature have deliveries of fuels to Matroz been increased, so that the paper plant has been able to operate. Had there been a drop in temperature and cooler weather, the heavy fuel oil and gas which Matroz is now obtaining would again be diverted to residential heating. In that case, the paper-making machine for making newsprint would again stand idle for a time.

According to Stanko Zivkovic, technical superintendent, operation of the machine making newsprint depends on the supply of raw materials, which at the moment (the interview was conducted on 22 January) are enough to last for the next week, and an effort is being made to obtain unbleached sulfate softwood pulp. If the trial delivery of this paper pulp is satisfactory in quality, then the paper-making machine could operate for the next 20 days.

At the moment, the paper-making machine making a writing paper which does not contain wood pulp is operating. Continuation of its operation also depends on purchase of the pulp that has been mentioned. The paper pulp plant has not been operating for a long time because it does not have enough power and raw materials. Aside from fuel and energy, the main problem is chlorate, and for the production of the softwood paper pulp—conifer pulpwood and chemicals. The supply and sales department of Matroz is working to obtain chemicals, which in a period of economic sanctions is a real exploit. In any case, preparations are being made in the factory for the paper pulp plant to go into production about 15 February. However, all of that is still under a big question mark, because if the weather turns cool again and the sanctions are tightened, nothing will come of the expected production.

**New Projects and Reconstruction**

**Jumko—Vranje: A Clothing Factory Will Soon Start Up**

The Jumko Cotton Combine in Vranje, which has about 9,000 people employed in plants in Surdulica, Presevo, Vranjska Banja, Trgoviste, and certain other towns in the south of Serbia, has built a new clothing factory with up-to-date equipment. It was built on the site of an old plant which burned to the ground in the summer of 1991 in a disastrous fire.

About DM25 million have been invested in construction of this plant, which will be one of the largest in its grouping in the Serbian economy. Up-to-date machines with high production capacity and computer equipment have been acquired, and electrical and other installations and security systems have been installed.

This plant will provide jobs to about 1,300 workers. More than 500 of that number were employed in the previous clothing factory and were left without jobs after the fire. About 800 workers would be involved in the production of clothing, because they have become technologically redundant after new machines were updated and added in the cotton spinning mill, weaving mill, knitwear factory, and other Jumko plants.

In addition, the cotton combine in Vranje is building in Vranjska Banja a narrowly specialized factory for the production of padding used in making clothes, which is in short supply on the market. The investments in work space, electrical, water and other installations, and also the purchase of machines, are estimated at about DM5 million. The project is supposed to be completed this year, and when it goes into operation, Jumko and other consumers of this padding will no longer have to import this material, which up to now has cost DM10 million a year.

**Porecje—Vucje: Increased Output**

The socialized agricultural enterprise Porecje in Vucje is counting this year on an increase of about 50 percent in the production of fruit, fruit products, and vegetables. The value of output is supposed to increase from $27 million in 1992 to $40 million in 1993. More than half of this year's output is intended for the foreign customer. Sales, however, depend on when the sanctions are removed. Imports planned in 1992 were not entirely accomplished for the same reasons.

The producer in Vucje has about 1,000 hectares of his own orchards of apples, pears, sour cherries, and other fruit. Jointly with private farmers in Slavujevac, Mirosevac, Vucje, and other places in this region, another 1,000 hectares or so of fruit trees have been planted. In 1992, although weather conditions were not favorable for fruitgrowers, about 25,000 tons of first-class fruit were harvested from this area and processed in Porecje's plants.

According to Dusan Jovanovic, director, several ponds were built last year for irrigation of the orchards. This increased the harvest by about 50 percent. The firm's own plantings were expanded by another 100 hectares of new orchards, and various fruits were planted in collaboration with private farmers, including about 250 hectares of strawberries.

"This year, we will build an irrigation system for between 50 and 60 hectares of orchards, and we will extend the orchards to include another 200 hectares by planting apples, sour cherries, and other fruit. The plan also calls for updating and expanding processing facilities," Director Jovanovic said.

**Krusik—Valjevo: Hunting Ammunition Manufacturer**

Judging by the fact that the board of directors of the Krusik Namenska Holding Corporation has decided to make the hunting ammunition plant a separate joint-stock company, one can conclude that Krusik, the only producer of hunting ammunition in the country, is taking that program seriously. The new factory will have all its staff services within the joint stock company.

"Because of a small breakdown and repairs, there is no hunting ammunition on the market at the moment, but we will undertake production in a few days and promise that in the coming season there will be sufficient hunting ammunition both in assortment and quantities," says Slavko Petrovic, acting director of the new joint stock company, and he added that Krusic will carry out the decision to take over the hunting ammunition factory Trepca in Srbica, so that the parts will be made in Kosovo and the finished product will be produced in Krusik.

The measures taken in Krusik indicate that this factory will no longer be an "appendage" for Krusik's production for the military, because it has its own market, and significant opportunities for export are also opening up. In a short time, 100,000 rounds of various calibers will replenish the market.

**Beograd Department Stores, Joint-Stock Company—Belgrade: Tourist Agency Opened**

A tourist agency, the 12th in the system of the Beograd Department Stores, has been opened within the complex of the Beograd Department Store in Uzice. Aside from receiving and accommodating guests in the hotel of the Beograd Department Stores on Zlatibor, the agency organizes tourist trips within the country and abroad, winter and summer vacations in all the country's tourist centers and spas. The sale of international rail tickets and airline tickets has been organized in the tourist agency of the Beograd Department Store in Uzice.

The Beograd Department Stores, in addition to the usual retailing business, plans this year to expand its activities to hostelry, banking, transportation, and other service activities.

## Kosovo

### Human Rights Commission Denounces Serb Repression

*AU2702142593 Tirana ATA in English 1119 GMT 27 Feb 93*

[Text] Tirana, February 27 (ATA)—The UN Human Rights Commission adopted on February 23, 1993 the resolution "The Situation of the Human Rights in the Territory of Former Yugoslavia" through which the UN member countries voice their great worry regarding the report of the UN special reporter Mr. Maroviechi on the deterioration of the situation of the human rights in Kosovo.

The resolution denounces the violations of the human rights in Kosovo including here the police brutality

against ethnic Albanians, home searches, plundering and arbitrary arrests, tortures and maltreatments in prison, discrimination before the law, dismissal of Albanian ethnic functionaries from leading posts especially in police and justice alongside mass dismissals from state enterprises and public institutions, closing down of schools and universities in Albanian language, arbitrary prisoning of Albanian journalists and closing down of mass media in Albanian, dismissal of the Albanian ethnic staff from the radio and TV stations.

In order to change this situation, the UN resolution demands from the authorities of Serbia and Montenegro to observe the fundamental human rights and freedoms of the ethnic Albanians in Kosovo, in the context of the all sided political solution to the situation in former Yugoslavia. It appeals to Serbian authorities not to use violence and practice ethnic cleansing, thus preventing the spread of the conflict in former Yugoslavia and other states.

The resolution also demands the increase of the international presence in Kosova, inviting the Security Council to create an UN observation mission in that country, in coordination with the UN special reporter and long term missions of the CSCE.

The adoption of this resolution was reached thanks to the great activity of the Albanian delegation in close cooperation especially with the US delegation and some Islamic countries and it is a new achievement in the diplomatic activity of Albania. This is the first official document adopted by the UN on the question of the Albanians in former Yugoslavia, a new means of international pressure against the repressive policy of the Serbian regime. It assures that this problem will permanently be on the agenda of the activity of this organization.

## Vojvodina

### Sanctions Affect Business Activity

*AU2402184093 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 24 Feb 93*

[Excerpt] Because of the economic blockade, firms in Novi Sad are on average working at only 50-percent capacity. However, this percentage could become even lower if gas and diesel fuel are not secured. This was stated during a discussion between Novi Sad businessmen and Obrad Milosevic, chairman of the Executive Council of the city assembly. Slavko Pusic reports:

There is hardly a firm in Novi Sad that has not (?drastically) been affected by the economic blockade. Because of the blockade, only one half of firms' capacities are being used. About 30 percent of the work force is on a temporary vacation. The consequences could soon be even more serious because, due to the lack of diesel fuel, passenger and goods transportation will be drastically reduced. If the winter lasts longer, the current level of production will also drop because there will be no gas. Virtually all gas is currently being used for the work of heating plants, schools, kindergartens, and the Pancevo fertilizer plant. [passage omitted]

### Army Denies Claims of Forced Mobilization

*LD2702132393 Belgrade TANJUG in English 1227 GMT 27 Feb 93*

[Quotation marks throughout as received]

[Text] Belgrade, February 27 (TANJUG)—The First Yugoslav Army District Command has denied claims by the Democratic Party of Vojvodina Hungarians (DZVM) concerning the mobilization of Hungarians in the northern Serbian province of Vojvodina, underscoring that there was no discrimination against Hungarians or members of any other national minority.

There is no mobilization of Hungarians or Serbs or any other nation, but the regular preparation of the Yugoslav Army for the defence of the country, as is done by all armies throughout the world, said a statement by the First Yugoslav Army District Command information service.

The statement underscores that certain media are tendentiously manipulating the public with stories of an alleged mobilization of conscripts in Vojvodina, namely, Yugoslav citizens of Hungarian nationality. They wish to launch the untrue story of the mobilization of Hungarian reservists, said the statement, underscoring that the matter does not concern Hungarian reservists but Yugoslav citizens, and therefore, Yugoslav reservists, whose obligations are regulated by law.

"Claims that conscripts, especially of Hungarian nationality, are maltreated and taken by force to garrisons, are malicious and untruthful. However, it is true that in some cases the police do bring in those who ignore or refuse to accept papers for military exercises. But, this matter is regulated by law, and applies to Hungarians, Serbs, Montenegrins and all other nationalities living in Vojvodina.

There is no discrimination, and the ideas propagated by Hungarian Nationality Party leaders in Vojvodina are aimed at weakening the Yugoslav Army's defence and at provoking interethnic clashes," said the statement.

"The matter does not concern mobilization, but the training of specific units and profiles of experts. If the need for a mobilization of Yugoslav citizens arises, it will be made public," said the statement.

### Status of Economic Activities, Firms

*93BA0608A Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 1 Feb 93 pp 35-37*

[Unattributed article: "How To Surmount the Difficulties"]

[Text] In the Port [of Bar], the 1992 work plan and operating program envisage a volume of traffic of about 2.6 million tons, or 50 percent more than handled in the previous year. Traffic was also handled according to plan in the port during the first half of last year—in the first six months, 1,480,476 tons of cargo were transshipped, which represents 57 percent of the planned annual volume. Compared to the same period of the previous year, the volume of transshipment has increased 92 percent.

After the sanctions were introduced in the second half of the year, the port transshipped only 196,030 tons of cargo, which is 1,284,446 tons less than in the first half of the year (a drop of more than 86 percent). The decline in the volume of transshipment will continue this year as well if the sanctions persist. But in spite of the blockade, which inflicted immense damage on the business of this firm, the management team of the Port of Bar and the 2,000 employed workers are trying to find a way to survive under such difficult conditions, examining the possibility of making the port a modern distribution center for maritime trade and for transshipment of high-value goods and containers for the Adriatic and a portion of the Mediterranean.

Intensive work is also being done on current maintenance of machines and equipment, especially horizontal mechanization and facilities and to draft a specific program for possible mothballing in case of idleness lasting several months. In addition, the port is also carrying out reconstruction of the rather worn-out rail network, which over the three and a half decades of the port's operation has reached the limit of usability. At the same time, those employed in the port are working hard to measure and clean the bottom of the harbor by engaging teams of divers from the port and the Divers Club in Bar, they are gathering secondary raw materials and preparing new sites to carry out the firm's development programs after the sanctions are removed. An intensive effort is also being made to collect claims, especially foreign exchange receivables, and Montenegrobanka of Podgorica has offered appropriate aid in this respect.

Under the conditions of the blockade, there have been changes in the way funds for wages and salaries are distributed. These funds have been reduced—the spread between the highest and lowest income has been reduced, and wages for workers on mandatory leave have been reduced by 15 percent. An effort is also being made to register the firm to engage in trade as an additional line of business, to strengthen the function of security and internal oversight, and to improve business cooperation with the railroads, shippers, and certain important firms in the country with which the port does business. Extensive measures have been carried out in this firm to protect the social welfare of employees so as to get through the period of the blockade as painlessly as possible. The conception of future activities and tasks has encompassed all the segments of any importance which will guarantee the firm a future and faster development after the blockade is lifted.

In the judgment of the firm's management team, an effort should be made to create conditions for Bar to become the port of origin and primary port for conventional and container line service. This assumes, of course, that the container terminal will be equipped with a third-generation crane and a tractor to move the containers. As the specialists conceive it, after the sanctions are removed, a turn should be made toward other lines of business which have vital importance to the faster development of Montenegro and the Federal Republic of Yugoslavia [FRY], which presupposes first of all activation of the Subotica—Belgrade—Bar transportation route, moving the liquid-cargo terminal to the Bigovica site, modernization and completion of the bulk-cargo terminal with a system of conveyor belts, enlargement of the grain silo, construction of cold storage for tropical fruit, construction of a phosphate terminal, for the export of livestock, construction and expansion of enclosed storage space, deepening the bottom of the harbor to take vessels up to 150,000 tons at the bulk-cargo terminal, activation of existing facilities and development of new capacities of the Bar duty-free zone and cargo-transport center. Contracts for all these projects would be left to interested firms in the area served by the port as well as to foreign partners on a joint-venture basis.

**Beograd Department Stores, Joint Stock Company, Belgrade**

The decision to organize the enterprise as a joint stock company marked a turning point in the business policy and development strategy of the Beograd Department Store Firm; in practical terms, it initiates the process and takes the first step toward changing the ownership structure of capital. The socially owned firms become joint stock companies, transformation of ownership also transforms the organization, and a change in visual identity then follows.

The desire for the Beograd Department Stores to have their own trademark is another reason for undertaking to define a new visual identity. The marketing studio Saatchi & Saatchi was hired for this complex undertaking, to work with the marketing sector, especially the advertising department.

The transition to a joint stock company, the new business strategy and mission, which are to be carried over into the concept of the future image and the slogan "A World of Services," while the services are rendered by people, have oriented the staff services and outside collaborators to make a thorough study and create a new visual identity for the firm. The effort produced a large number of proposals which were subject to various analyses, primarily from the standpoint of communication and esthetics.

On the premise that visual identity is at the same time an indicator of quality, value, reliable reputation, and a

number of other favorable characteristics of a firm, a design was developed which combines the firm's present logo and a newly designed trademark. The present logo "Beograd" proved to be well-known and liked. Precisely because of the strength it draws from familiarity and attractiveness, the logo was retained in the firm's new trademark.

Instead of the previous triangular trademark with the Cyrillic letter "B," the firm's new trademark is semielliptical in shape, edged with a purple line, running across the bottom of which are the purple shadows of people, highlighted with a red and purple line, with equal blank spaces between them. Above the shadows, the Latin letter "R" is printed in the middle; it is red on a white field in a red circle.

Promotion of the new visual identity began in late 1992, as did the production of a broad range of audio-visual and printed forms of communication which have been prepared according to the media plan adopted.

**DIV—Vranje: More Than 3,000 Tons of Cigarettes**

DIV [Vranje Tobacco Industry], although all the figures are not final, ended the 1992 business year with success. It delivered 5,000 tons of cigarettes to the market, which is at the level of the planning predictions. The success is all the more significant when one looks at the conditions last year and the trouble obtaining production supplies—there was a constant shortage of filters and aromatics. To be sure, the troubles with imported raw materials are continuing this year, and all expectations are turned toward the day when the blockade is removed and business activity returns to normal channels.

The disintegration of the Yugoslav market directly affected cigarette producers in Vranje, especially because it prevented the purchase of leaf tobacco in the area of Virovitica, Slatina, and certain other production centers in Croatia. DIV also has problems collecting from firms it formerly did business with in the republics that have seceded. The debts amount to more than $1 million. They pertain to deliveries of cigarettes, and it is uncertain that they will ever be collected.

**MIN—Nis: The First Series of Tipper Cars Has Been Ordered**

MIN [Machine Industry of Nis] will deliver to the Serbian railroads the first series of 35 four-axle tipper cars for carrying bulk freight. Under the contract with the railroads, which is worth about 8 million German marks [DM], Vagmin, a subsidiary of the NIS company, is to complete this job by the middle of next year.

According to the projection of the development of the railroads in Serbia, about 200 four-axle tipper cars are to be put into service on fast lines over the next five years. MIN calculates that it will receive about 200 electric locomotives for repairs and will be given the contract to manufacture cars for speeds of 200 km/hr.

The railroad program over the next five years, it is estimated in Nis, will employ a sizable portion of the production capacity of the Nis metalworkers.

**Elid—Donji Dusnik: New Programs Are Softening the Blockade**

Elid [Electrical Industry] of Donji Dusnik, in the Zaplanje District, continues to be on the list of the most successful enterprises in the south of Serbia in spite of the sanctions and the "freezing" of exports.

Elid, which in previous years exported as much as 80 percent of its output, faced the fact that foreign trading partners could not take products worth several million marks and that it should seek its way out through new programs that would be accepted by the diminished domestic market. The offering of insulation for households and industry which until quite recently had been purchased in Slovenia and Croatia made up the backbone of the new programs.

That substitution proved to be a good business move, because it guaranteed full employment of capacity of this successful factory, so that it did not lay off any workers or send them on mandatory leave. Now the workers of one department, which was previously employed on the export program, have been assigned to other jobs.

In spite of the difficulties, Elid has built with its own money a production building for the assembly of new products. Were it not for the blockade and the "freezing" of exports, the present work force of 400 would have increased by 150 new workers.

Elid, which is a bright hope for the economic development of Gadzin Han Opstina and all of Zaplanje, has halted the migration of young people to industrial centers. Donji Dusnik is one of the rare settlements in the Nis District which in recent years has recorded an increase in the size of the population.

**MIN—Nis: Joint Venture With a Russian Partner**

Milovan Krivokapic, general director of the Machine Industry Holding Company, recently announced establishment of a joint venture with a Russian partner headquartered in Moscow.

The joint venture would manufacture and market cranes with a carrying capacity between 18 and 60 tons; MIN completely mastered their technology during long-term cooperation with the French firm Poten.

**MIN—Nis: "Snow Gun" Production Mastered**

Specialists of MIN have prepared the complete documentation and setup to produce 10 "snow guns," which Geneks of Belgrade purchased at one time in Austria.

Because of the blockade and the lack of spare parts, MIN took over the obligation of putting the "snow guns" in condition to operate on trails on Kopaonik. According to

information obtained, in 60 hours of operation one gun can cover with snow a trail 50 meters wide and 2,456 meters long.

**DIN—Nis: Transfer of Technology**

DIN [Tobacco Industry of Nis], which before the blockade exported up to 500 tons of cigarettes a month to Russia, is ready, as soon as the sanctions are removed, to resume with partners from that country the successful business cooperation, which would also be expanded to include transfer of technology.

This is what Smiljko Kostic, DIN general director, said in a conversation with a delegation from Nizhniy Novgorod during its visit to Nis, and he also announced the possibility of forming a joint venture with the Russian partners.

DIN is ready to build a complete cigarette factory in Russia on a turnkey basis, to revitalize the present plant of tobacco factories, and to be involved in projects for increasing the production of tobacco leaf in that country.

**Bajina Basta Hydroplant of Perucac: Good Operational Readiness**

The Bajina Basta Hydroelectric Power Plant in Perucac is maintaining its operational readiness at the highest level. Six generators of the old power plant are every day generating and delivering 14 million kWh [kilowatt-hours] of electric power. At the same time, the pumped storage hydroplant on the Tara comes on line as needed and is prepared at any time to deliver power wherever it is needed.

At the moment, the hydrological situation in Perucac is favorable, and operating readiness is thereby irreproachable. Especially because overhaul has been done with domestic spare parts and trained manpower. That means a qualitative improvement in repair and maintenance of machinery and thereby an improvement in overall operating readiness.

**Eksporteks—Lebane: Better Days for Clothmakers**

In carrying out transformation of ownership, about 1,000 employees of the Eksporteks Textile Combine in Lebane, which is the total size of that factory's labor force, voted in favor of leasing the firm. The lessee is Gojko Marjanovic, who up until now has been director. He has committed himself, and this is defined in a specific contract, to pay those employed in the firm a certain percentage of actual monthly sales. The contract states among other things that over the life of the lease there is to be no layoff of workers based on technological redundancy. At the end of the five years, which is the term of the lease, the equipment, machines, and other factory property must be in good condition.

Eksporteks is the largest firm in the economy of Lebane Opstina. It was leased half a year ago. Until that time, for many years back it stumbled in the conduct of its business, capacity was underutilized, production was burdened by surplus manpower, and the losses piled up. Now, as the analyses show, the factory has stood on its feet and the first financial results indicate better days. Thus, during last year, regardless of the difficulties in purchasing imported raw materials, it produced and sold over 1 million meters of woolen fabrics.

**Belgrade Railroad Transportation Enterprise: Empty Freight Cars**

The Beograd ZTP [Railroad Transportation Enterprise] recorded a drastic drop in freight traffic up to mid-January, about 40 percent from the same month of last year. According to information obtained, there is less and less freight traffic, and this is directly related to the sanctions and the halting of imports and exports.

In passenger transportation, however, trains are overflowing on almost all lines. The reason is above all the level of fares, some of which are only half as much as bus fares.

**Sloboda—Kula: Production Has Begun**

Following a one-month collective vacation, the Sloboda Weaving Mill in Kula has begun production at full capacity. Raw materials and production supplies for unhindered production have been furnished for the next three months. Sales are also ensured, because the domestic market is interested in this article from the factory in Kula.

According to Borisa Calasan, the director, there is enough heavy fuel oil to heat the plant, and appropriate moves are being taken to obtain raw materials so that the factory does not shut down its looms again.

**Vlasina-Produkt—Surdulica: Sheep Farm Shut Down**

The agricultural and marketing firm Vlasina-Produkt in Surdulica, which was created as a vehicle for development of the agricultural complex in the broad area of Vlasina, Bozica, Klisura, and other areas in that region, has fallen into serious financial difficulty. The most difficult problem arose after the newly built large sheep farm on Vlah Lake was shut down.

The farm, with a capacity of 12,500 sheep and goats, was built as a breeding center. Large amounts of borrowed money were invested from republic sources in Serbia, the Fund for Stimulation of the Development of Economically Underdeveloped Regions, the project Morava 2, and through other "channels." The sheep houses and special-purpose facilities that were built have a floor area of more than 70,000 square meters.

Breeding stock was imported from France on the basis of a foreign exchange guarantee from Jugobanka of Leskovac in 1990. More than 3.2 million French francs were paid, together with customs duties and other charges. In April 1992, however, a livestock disease—brucellosis—appeared in Vlasina. It was contracted by 35 workers. A decision of the Serbian Ministry for Agriculture, Forestry, and Water Management shut

down the farm, and the entire sheep herd was destroyed. However, the debt to the creditor abroad remained unpaid, and the bank in Paris submitted a demand to Jugobanka of Leskovac as guarantor, rightly seeking that it meet the obligations, together with interest. The bank in Leskovac is unable to do that, because its financial potential is modest and limited. Vlasina-Produkt of Surdulica is also unable to do it, because the farm is shut down. A request has therefore been filed with the competent republic authorities of Serbia for help, but prospects for a solution are uncertain at this moment.

**New Projects and Reconstruction**

**DIN—Nis: An Institute by the End of the Year**

Late last year DIN of Nis began construction of an R&D institute with 6,200 square meters of floor space. This important investment project, according to the agreement, is supposed to be completed by the end of the year; in addition to testing rooms and laboratories, it will also have the most up-to-date information processing equipment, technical literature, everything to offer this company's specialists maximum support for their work. The main thing, they say at DIN, was the effort of specialists to produce cigarettes that are less harmful to health.

DIN will begin construction of a tobacco factory during the year. The amount to be spent on construction work and equipment is DM146.5 million.

**Miloje Zakic—Krusevac: Fuse in March**

The Miloje Zakic Chemical and Rubber Industry of Krusevac initiated several investment programs in previous years which it is continuing successfully this year as well. The total value of investment undertakings exceeds $12 million. Right now, they are installing equipment in the factory for manufacturing a detonation fuse, which was completed late last year (this fuse is indispensable in using industrial explosives in industry, construction, and roadbuilding). It is expected that the factory will begin regular production even during March. It is calculated that the capacity of the factory will be sufficient to meet the needs of the market of Serbia and Montenegro for this material, which until recently was acquired in the secessionist republics.

At the same time, a testing station to check the quality of industrial explosives has been built as part of the Detroit factory.

**Pancevo Glass Industry: Inventories Are Growing**

One fourcault furnace is operating at the moment in the Pancevo Glass Industry; it has a daily capacity of 13,000 square meters of plate glass. However, because more than 2.5 million square meters of this product are inventory, the daily output in the factory is being cut back.

Reconstruction of the largest furnace for production of plate glass with the Pittsburgh technology was completed the other day in the Pancevo Glass Industry. Production could begin if there were gas, which is largely imported. Monthly natural gas consumption for normal production of this large furnace is 1.8 million cubic meters.

The fact should be emphasized that the annual output of the Pancevo Glass Industry is more than 22 million square meters of plate glass, that some goes for further processing (automotive glass, glass for household appliances, the pharmaceutical industry) and that marketing has been considerably impeded since disintegration of the Yugoslav market.